

NEWS: EUROPE

Europe's biotech industry expands by 20%

By Clive Cookson in Amsterdam
The European biotechnology industry grew by 20 per cent last year, both in the number of companies and in total revenues, and is beginning to narrow the gap with its much larger US counterpart...

'Last call' for new funds to be spread over 12 years to ease impact on national budgets

EBRD wins approval for doubling of capital base

By Kevin Done, East Europe Correspondent, in Sofia
The European Bank for Reconstruction and Development yesterday won the backing of its 60 shareholders to double its capital base to Ecu20bn (\$25.2bn)...

with the additional funds and with a rotation of its rapidly growing portfolio of loans and equity investments, "the bank should be in a position to sustain its activities in the future without having to approach its shareholders again..."

on the countries of the former Soviet Union. Western governments were at pains yesterday to stress that the question of graduation was still a long way off...

ing that the EBRD have a policy of "phased graduation" with clear criteria that can be monitored. Preliminary work on developing such criteria has been started...



Kenneth Clarke: "The first and, we expect, the last increase in the bank's capital"

the level of such countries as the US and Switzerland. Bank officials say criteria for graduation will concern most importantly the level of development of an open market economy in each country...

time to come private capital is expected to shun essential transition investments because of the level of risk involved.

corporate governance." Even in the more advanced countries in the region large-scale investment in an infrastructure neglected during the long decades of communism was only at an early stage.

Bulgaria promises reforms in plea for financial help

By Kevin Done and Teodor Troev in Sofia
Bulgaria's prime minister, Mr Zhan Videnov, appealed to the International Community yesterday to help his country overcome its acute financial problems in the face of shrinking foreign exchange reserves and imminent heavy foreign debt repayments...

delegates at the annual meeting of the European Bank for Reconstruction and Development in the Bulgarian capital, Mr Videnov promised a package of urgently needed reforms aimed at kick-starting the country's flagging reform effort.

restructuring. But western officials remain sceptical about its real commitment to restructuring and reforms leading to an open market economy.

The failed companies accounted for some 20 per cent of the losses currently being accumulated in the state sector, he said.

which western officials believe to be burdened by a loan portfolio containing much more than 50 per cent of bad debts.

The first phase of this programme would cost \$500m-\$550m.

To accelerate privatisation Mr Videnov said the government was planning to offer for sale a 30 per cent stake in the Bulgarian telecommunications utility, as well as stakes in Sodi, one of the country's biggest chemicals companies...

Mr Pike suggests that London may miss the opportunity to draw in more European biotechnology companies...

Mr Pike says that between 10 and 20 continental companies are considering a public flotation over the next year or so. Examples include Genset and Transgene of France and MorphoSys of Germany.

They are weighing up several alternatives: the London market; their own local exchange; Nasdaq in the US; and Easdaq, the proposed Europe-wide counterpart of Nasdaq.

Mr Pike says that between 10 and 20 continental companies are considering a public flotation over the next year or so. Examples include Genset and MorphoSys of Germany.

Cracks in Spain's labour monolith

A car-parts factory in the industrial hinterland of Barcelona made the running. In February, Estampaciones Sabadell reached a deal with employees at one of its plants on the circumstances under which it would be enticed to sack them.

It was the first known pact of its kind in Spain. Other employers in the region now look to similar agreements as a way out of a vicious circle.

Notoriously, Spain is one of the European countries where it is hardest and most expensive to fire people, and at the same time it has become the country with the highest unemployment in the European Union...

ment has been reached in Catalonia on this kind of trade-off. Unions, while still arguing about the final text of an agreement, have accepted the idea of a joint employer-union committee to look into the setting of "objective grounds" for dismissals and report in three months.

According to Mr Rosell, about a dozen companies have now reached their own agreements, although he says they are taking a risk since there is currently nothing on the statute books to back up the agreements.

EUROPEAN NEWS DIGEST

Study reveals Yeltsin backlash

More than half of Russians believe President Boris Yeltsin should resign and fewer than 30 per cent think he should be running for re-election, according to a recent study by the UK's Centre for the Study of Public Policy at the University of Strathclyde.

Russia claims Chechnya pullout

Russian officials said that some interior ministry troops yesterday pulled out of Chechnya in the first sign of a promised partial withdrawal of Russian forces from the rebellious region.

Call to boycott Dutch over drugs

Some 72 deputies and senators belonging to France's ruling centre-right coalition have signed a petition urging the government to boycott Dutch goods until the Dutch government toughens its legislation on drug use.

Poland's currency reserves soar

Poland, which had hoped to cap the growth of its net foreign currency reserves at a total of \$3.8bn this year, has seen reserves grow by \$1.7bn in the first three months, said Mr Witold Kozinski, deputy head of the central bank.

David White details moves to ease the country's labyrinthine procedures for dismissing staff

political hot potato in Spain. The centre-right Popular party, which is set to form the next government, swore in its election campaign it had no plans for changing the rules.

of 45 days' wages per year of seniority, up to a maximum of 32 months' pay, the highest statutory figure in the EU.

mit workers to accepting the standard rate of compensation under mutually agreed circumstances, in exchange for giving long-term prospects for employees currently on temporary contracts of three years or less.

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Swissair flies into storm over Geneva

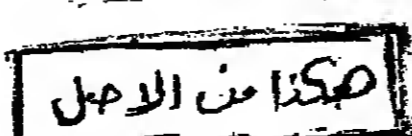
By Thierry Meyer in Zurich
A decision by Swissair to withdraw nearly all long-haul flights from Geneva has provoked a political row in Switzerland. Some businesses have threatened to boycott the national carrier if it does not change its mind.

between western, French-speaking Switzerland, where Geneva is the dominant city, and the German-speaking east, centred on Zurich.

in a series of measures by Mr Philippe Brugger, president of the airline's new chief operating officer, to save Sfr500m yearly.

Andreas Gemler, president of Philip Morris for central and eastern Europe, the Middle East and Africa, has promised to "look for alternatives to Swissair".

congestion-free Geneva". The first long-haul flights from Switzerland were operated out of Geneva, since designed to meet the needs of United Nations agencies, the Red Cross and other international bodies headquartered there.



NEWS: INTERNATIONAL

Peres wants good harvest from grapes of wrath

Israel is treading familiar ground with the latest attacks in its 18-year string of assaults on Lebanon.

The stated goal is the same: to secure Israel's northern settlements from strikes by guerrillas. For more than a decade, the protagonists have been the same: Israel and Hizbollah, along with its Syrian and Iranian patrons. And the hapless victims are the same: hundreds of thousands of mostly poor Shi'ite Moslems in the south, forced once again to flee Israeli bombardment.

But Operation "Grapes of Wrath", as Israel has called its latest retaliatory campaign, was born out of a situation that holds crucial differences from the last intensive strike in 1993.

While Israel's official goal of halting Hizbollah's threat stands, the operation is just as important a message to the Israeli electorate, a revitalised Lebanon and Syria, the last significant missing link in a comprehensive Arab-Israeli peace.

With "Grapes of Wrath", Israel is not only looking to change rules of engagement with Hizbollah, set after the 1993 bombardment, but to reset the agenda of stalled peace exchanges with Syria.

Electoral considerations apart, Israel's latest campaign against Hizbollah is also aimed at resetting the agenda for peace exchanges with Syria, writes Mark Dennis

And on the domestic level, Prime Minister Shimon Peres is trying to finally win an election. In 1993 there were no Israeli elections, the peace process had yet to get off the ground, and Lebanon was still emerging from its 1975-1990 civil war. In order to win the May 29 elections and continue his vision of peace and a new Middle East, the dovish Mr Peres is seeking to change his image of vulnerability on issues of security and portray one no less hawkish than his challengers in the rightwing Likud party. His first measure towards this end was the closure of the West Bank and Gaza in the wake of a string of suicide bombings. His latest step has been Operation "Grapes of Wrath".

Well before the bombings, Hizbollah had increased its attacks inside Israel's self-declared security zone in south Lebanon and stood by its promise to send Katyusha rockets into northern Israel if Israel killed or wounded Lebanese civilians. Renewed attacks at the beginning of March, just

after the last suicide bombing, made large-scale Israeli retaliation almost inevitable. Lebanon has always been a place where Israel could vent its frustrations with relative freedom from international restraint and Hizbollah's increased activity provided Mr Peres with the pretext.

Mr Peres has said the attacks will continue until Lebanon and Syria rein in the increasingly potent Hizbollah. For Israeli officials to emphasise that Lebanon must control Hizbollah is a departure from the past, when it called only on Syria to do so. It is now holding the Lebanese government responsible for Hizbollah's actions.

Under the leadership of Mr Rafik Hariri, Lebanese prime minister, Lebanon has finally begun rebuilding the economy and infrastructure devastated by the civil war. Billions of dollars have been invested in the country towards the fulfilment of Mr Hariri's vision of re-establishing Lebanon as a financial centre in the Middle East. While Operation "Grapes of Wrath" has

not destroyed these gains, with its strikes Israel has emphatically told the Lebanese leadership that Beirut, as well as the inhabitants of the south, will pay a price.

The Lebanese capital has been targeted for the first time in more than a decade. Israel has sealed Beirut's port, while hundreds of thousands of refugees have been forced to flee toward the city. Among other targets, Israel has hit an electricity sub-station near Beirut in a message that it can damage Lebanon's economic infrastructure at will.

"We've reached a point where Hizbollah was acting in total freedom from the Lebanese government," said Mr Uri Lührani, the architect of Israel's Lebanon policies. "This is the price and the message is: Enough is enough."

But any message to Lebanon is also a message to the main player across the table from Israel: Syria, which dominates Lebanon and has 35,000 troops stationed

there. Hizbollah is a significant force in domestic Lebanese politics but seen in Jerusalem as essentially a pawn in Israeli-Syrian relations.

"Syria seems to have turned off the red light on Hizbollah, allowing it to act freely in its confrontation over the Israeli occupation of south Lebanon," says Mr Marwan Bishara, director of the Jerusalem Council of International Affairs. "By widening its attacks on Lebanon, Israel is really sending a message to Syria to reconsider what it deems as stubbornness in the negotiations."

By holding out for better terms with Israel than its Arab neighbours have so far reached, Syria - Israel feels - risks isolation. Recent Israel-Turkey security pacts and the stationing of a US airbase in Jordan have reinforced that isolation. That Syria has remained relatively quiet as Israel attacks Lebanon is a sign that for the moment the peace process remains a strategic objective for Damascus.



The question now is whether Israeli strikes, together with the prospect of international diplomacy, will lead it to clamp down on Hizbollah, creating new grounds for Israeli-Syrian negotiations, or whether continued attacks will backfire, creating an unbridgeable gap between Syria and the Lebanese people.

ANC to deploy top people in private sector

By Roger Matthews in Johannesburg

The African National Congress, which dominates the South African government, has taken a strategic decision to deploy more of its top personnel in the private sector in an attempt to widen the struggle against the legacy of apartheid.

This was disclosed yesterday by Mr Cyril Ramaphosa, secretary general of the ANC, who announced at the weekend he was leaving parliament to become deputy executive chairman of the black-owned group New Africa Investments Limited (Nail). Mr Ramaphosa said in an interview with *The Sowetan*, a daily newspaper controlled by Nail, that it was President Nelson Mandela and the ANC leadership who had decided the move.

He said the decision "demonstrates how seriously the ANC is taking the economy. We are focusing on the economy as a key arena of struggle, with the aim of completely transforming South African society".

Nail, headed by Dr Nkhato Motlana, is putting together a consortium of black-owned companies and trade unions to bid for the 48 per cent stake in Johnnic, the industrial group, owned by Anglo American, South Africa's largest conglomerate.

Mr Ramaphosa was formerly leader of the National Union of Mineworkers and said his colleagues were excited about his involvement in the bid for Johnnic. "The beauty of this is that the unions are coming together with black business to play an important role. I see this as the beginning of a shift in the way the economy is run.

It should no longer just be the prerogative of white business to play the key role in the economy," he said.

Mr Ramaphosa said Johnnic was important as one of the key potential vehicles for black empowerment. "It is important that blacks should position themselves to bid for, and have a stake in, an entity like Johnnic. It is far too important an opportunity to be ignored."

"The beauty of this is that the unions are coming together with black business to play a key role"

"After the success of the political struggle, I see this as an attempt to play a role in that area of struggle for the benefit of our people and our country."

Mr Mandela, who had earlier vetoed a suggestion from Mr Ramaphosa that he should leave parliament, said he had changed his mind because of the opportunity to cement the relationship between, on the one hand, the ANC and government, and, on the other, business, unions and the rest of society.

Mr Ramaphosa will remain secretary general of the ANC. Although his move into the private sector acknowledges that Mr Thabo Mbeki, the deputy president, is likely to succeed Mr Mandela in 1999, Mr Ramaphosa has not ruled out a return to full-time politics.

Egypt about to wage war on illiteracy

The Egyptian cabinet is examining plans for a literacy campaign to wipe out illiteracy by the end of the century - as part of wide-ranging educational reforms and efforts to reclaim schools from Islamic fundamentalist influence.

President Hosni Mubarak two years ago defined the dilapidated state of Egyptian education as "a problem of national security".

He is likely to give his blessing to the campaign, the scale of which recalls the "literacy crusades" launched by Cuba and Nicaragua in the 1960s and 1980s.

By conservative estimates, 52 per cent of Egyptians are illiterate. Among women, the figure is higher: 70 per cent.

Mr Hussein Kamel Baha' al-Din, Egypt's activist education minister, says what is under discussion is to teach 4.5m people a year to read and write and thereby "abolish illiteracy by 2000".

The idea is to recruit 150,000 university graduates as teachers responsible for 30 illiterates each a year.

Mr Baha' al-Din wants a special budget of about \$550m (\$176m) a year to pay these "trainers", many of whom would come from Egypt's large pool of unemployed graduates. "It will have to be a national campaign" mobilising people across the country to succeed, he says.

"It's just a question of mobilising people at the grassroots

level and getting them excited," says Dr Ehab Hanoussa, head of the Economic Research Forum, which is backed by the World Bank. "It costs next to nothing".

Since Mr Baha' al-Din, a distinguished paediatrician, took over the ministry in 1991, nominal spending on education has risen from 9 to 16 per cent of public expenditure.

Investment has nearly quadrupled, from \$2.6bn to \$21.5bn a year, with 5,500 new schools built - more than in the previous 40 years.

But spending per capita on education, at \$25 a year, is very low even by developing country standards and poor results have frightened Egypt's rulers into a comprehensive review.

"Ultimately, in the 21st century, what is going to make or break this country is education," says Mr Youssef Boutros Ghali, minister of state for economic affairs.

The literacy effort is of a piece with educational reforms aimed at raising standards and, in Mr Baha' al-Din's words, "immunising" Egyptian schools from Islamic fundamentalism.

Egyptian security has the upper hand against Islamic militants fighting to overthrow the government.

But fundamentalism has seeped into society over the past two decades via the more mainstream Moslem Brotherhood's influence in schools, universities and a parallel wel-



Hosni Mubarak: education 'a problem of national security'

fare system, and through the government's reliance on a conservative religious establishment to outflank the Islamists.

"The fundamentalists had taken control of our schools," says Mr Baha' al-Din. "This was a real crisis."

He has transferred more than 1,500 Islamicists from teaching duties, attempted to ban the veil in girls' primary schools and to secularise the curriculum, and started sending teachers for training in the US, UK, Germany and France.

Most crucially, the ministry

is attempting to replace rote learning with active learning, partly by the gradual introduction of computers, working upwards from the primary school system after a long period of relative over-investment at university level.

"We want to emphasise active skills rather than passive knowledge," the minister says. "Those who are accustomed to critical and analytical thinking will always be suspicious of such [fundamentalist] ideas."

David Gardner

Shortfall in government contributions will hit operations

Shell Nigeria expects budget cut

By Simon Kuper in London

Shell's Nigeria subsidiary expects a shortfall in its 1996 budget of at least \$300m because the country's government has fallen behind on its contributions.

Mr Brian Anderson, managing director of Shell Nigeria, which produces half the nation's oil, said yesterday that the subsidiary expected to scale back its budget from \$1.6bn to \$1.3bn or less. It was waiting to hear how much the government would contribute.

Last year Shell Nigeria spent \$1bn, although it had government approval to spend \$1.5bn. "The government didn't pay on time," Mr Anderson said. The shortfall would force Shell to reduce its exploration and production operations in Nigeria.

The state-owned Nigerian National Petroleum Corporation, which has a 55 per cent stake in its joint venture with Shell, has suffered a cut in its 1996 budget for dollar spending from \$2.2bn to \$1.7bn. For its naira costs, the government approved only \$200m (\$341m), less than half the sum asked for by the corporation.

All six foreign oil companies operating in Nigeria have complained of funding shortfalls. The country produces 2m barrels a day and says it aims by the year 2000 to raise production and proven reserves by a quarter.

Mr Anderson was speaking at a London conference on Shell's Nigerian operations, staged by the Royal Geographical Society, which this year will decide whether to termi-

nate its \$40,000 (\$60,800) annual sponsorship from the company.

Mr John Hemming, director of the society, said: "If Shell is as villainous as some people have made out, we certainly don't want to be associated with it."

Shell has been attacked over its Nigerian business since the government executed Mr Ken Saro-Wiwa, an Ogoni community leader, and eight other activists last November. Mr Saro-Wiwa had accused Shell of degrading the environment of Ogoniland, which is part of the oil-producing Niger Delta.

Mr Anderson said the Nigerian government spent too low a share of oil revenues on oil-producing regions. The government recently raised that share from 3 to 13 per cent. But Shell said yesterday: "It's all very

well having that 13 per cent, but it has to actually get to the regions."

Mr Anderson said corruption was a problem in Nigeria, "also within our own company", and that 55 per cent of oil spills from Shell's Nigerian operations were due to sabotage by local people.

It is estimated there were up to 3,000 spills last year, but Mr Anderson stressed there were virtually none at present.

Mr David Moffat, a World Bank environmental consultant, told the conference that oil spills were causing less damage than overfishing or untreated sewage but that environmental damage caused by building oil infrastructure, such as canals and roads, was a significant problem.

INTERNATIONAL NEWS DIGEST

Israeli pilots train in Turkey

Israeli jets have begun training flights at a Turkish air force base, under a military exchange accord condemned by much of the Moslem world as a betrayal of solidarity against the Jewish state. Turkish military officials said eight Israeli F-16 trainer aircraft and their crews arrived at the Akinci base near Ankara on Sunday.

Syria, Iran, Egypt and Turkey's main opposition Islamist party have reacted angrily to the accord. Egypt has warned that military co-operation between Turkey and Israel would lead to instability and possibly war in the Middle East.

Israeli technicians are to upgrade more than 50 Turkish F-4 fighter-bombers as part of the co-operation pact with Israel.

Reuter, Ankara, Turkey

'Truth commission' disrupted

Bomb threats disrupted the first public session of South Africa's truth commission yesterday, in a stark reminder of past apartheid violence which the hearings are designed to lay bare.

"There are some people who will stop at nothing to try to prevent the commission carrying out its work," said chairman Archbishop Desmond Tutu as he interrupted the first witness to clear the room. Police sniffer dogs swept the commission venue at the city hall in East London before proceedings resumed. Two bomb threats were telephoned to a local newspaper.

On Sunday Archbishop Tutu said lawyers for "likely perpetrators" of apartheid atrocities had sought to block potentially damaging evidence coming out at the inquiry, but the commission would continue unless halted by a court order.

The government of national unity set up the commission to expose as much as possible of the secret history of apartheid.

Reuter, East London

Canberra backs landmine ban

Australia yesterday threw its support behind international efforts to secure a global ban on the production and use of anti-personnel landmines. It also said it was unilaterally suspending any operational use of these weapons by its own defence forces.

Mr Alexander Downer, the country's foreign minister, said he hoped the move would add weight to the campaign for an international ban on landmines - "that is, their total elimination as a weapon of war".

"Indiscriminate use of landmines has created a humanitarian and economic crisis of massive proportions," he noted. Estimates by the US state department have suggested there may be about 84m landmines spread across 84 countries, many of which end up killing or maiming civilians after armed conflicts have formally ceased.

Mr Ian McLachlan, the federal defence minister, noted that Australia did not produce landmines and had not used them in any operational situation for several years. But he suggested that yesterday's moves were an appropriate effort "to demonstrate leadership on this issue".

Nikki Tait, Sydney

Gabon plans utilities sell-off

Gabon will turn over the production and distribution of electricity and water to private operators and will call for international tenders by October this year, according to a government statement yesterday.

The statement, published in the official daily newspaper *L'Union*, said the successful candidates would be selected in December. The International Finance Corporation, the private-sector loan arm of the World Bank, would be the adviser in the privatisation of Societe d'Electricite et d'Eau du Gabon, it added.

The government's objective was "to attract strategic partners committed to long-term investment who have technical and operational expertise to help improve the quality of services". It also wanted to cut the cost of supplying electricity and water, to serve more consumers, to enable staff and other Gabonese to own shares in the utilities and to limit the role of the state to policy and regulation.

Gabon, a member of the Organisation of Petroleum Exporting Countries, is trying to privatise key state companies in line with other countries in the region which are looking to foreign investment to revive their struggling economies.

Reuter, Libreville

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NEWS: WORLD TRADE

Airbus, GE to study engine for large A340

By Michael Stappinger, Aerospace Correspondent

Airbus Industrie, the European manufacturing consortium, and General Electric of the US said yesterday they had agreed to study the engines required for an enlarged version of the A340 aircraft, which will carry 375 passengers.

A four-engine aircraft of this size would compete with the Boeing 747-400, which carries up to 400 passengers, and with larger versions of the Boeing 777. The announcement by GE and Airbus comes after McDonnell Douglas of the US said last week it was considering stretching its 300-seat MD-11 to 400 seats.

All three manufacturers believe there will be a growing market for large aircraft next century. Boeing, the world's biggest aircraft manufacturer, has a monopoly of the large jet market with the 747.

ing version of the A340, which carries 300 passengers, is powered by CFM engines only, manufactured by a joint venture between GE and Snecma of France.

Airbus said, however, that the agreement did not mean GE would necessarily be the only manufacturer of engines for the enlarged A340 when this went into production.

Some in the aero engine industry have called for aircraft manufacturers to name a single manufacturer to produce engines for new aircraft models to reduce the risk of failing to win an adequate return on the large sums required to develop new engines.

The world's three largest engine manufacturers - GE, Pratt & Whitney of the US and Rolls-Royce of the UK - all spent large sums developing engines for the Boeing 777. The three companies have competed fiercely on price when persuading airlines to choose their engines for the 777.

Boeing and Airbus have already announced plans for even larger aircraft than the 747-400 and the A340-600.

Boeing hopes to begin work this year on the 747-600X, which would carry more than 500 passengers. Airbus says that by the end of next year it wants to begin developing the A3XX, which will have 550 seats.

US rules could shrink HK garment trade

Mr Chang employs a dozen people at his small factory on the Kowloon side of Hong Kong cutting fabrics on computer-aided equipment. The parts are then shipped to China where they are turned into garments for export, mostly to the US.

From July 1, his business will face a potentially serious obstacle. On that day the US will classify his garments as made in China, not Hong Kong, subjecting them to strict quotas. Mr Chang and others like him will have to move assembly back to the territory or switch their exports elsewhere.

Textiles and trade are sensitive issues in Hong Kong where shipments of apparel and clothing accessories totalled HK\$7.2bn (US\$940m) last year, dwarfing most other exports.

The US decision means that the country of origin for clothing and textiles will be determined by where the assembly of the product takes place, rather than where its component fabrics are cut.

"The unilateral change in US origin rules has been a major concern for our trade," says Mrs Rebecca Lai, Hong Kong's deputy director of trade who led the territory's team in its negotiations with the US last month.

Such concerns are as much a

question of principle as of practical impact. "This is the second time in the past decade that the US has changed the rules without consulting partners," says Mr Tony Miller, director general of the Hong Kong government's trade department. "It is very disruptive to change suddenly and without consultation," he adds.

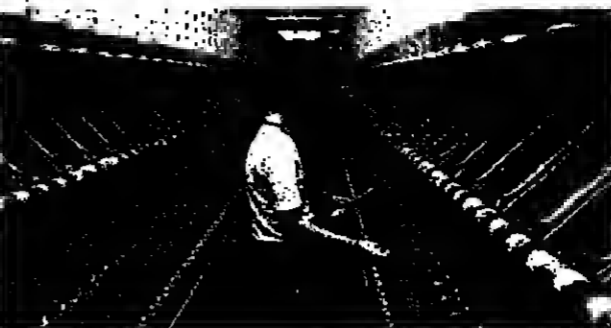
The US argues that its move, announced last May, aligns its procedures more closely with those in other countries and conforms with its international trade commitments. But critics claim the planned change is an opportunistic way of tightening controls on surging imports from China.

The US decision comes in the midst of negotiations between World Trade Organisation members, aimed at harmonising their widely varying rules of origin regimes by mid-1998. Until then, WTO members have undertaken to observe interim disciplines, including a pledge not to apply rules of origin "to create restrictive, disrupting or disruptive effects on international trade."

The US is the biggest market for many of the colony's clothing companies, which supplied it with about HK\$5bn worth of apparel and clothing accessories last year.

Like the manufacture of the garments themselves, the devil of the new rules will be in the

Hong Kong textiles and clothing exports



Textiles (HK\$ bn) Domestic exports Re-exports Clothing (HK\$ bn) Source: Hong Kong Census and Statistics Department

detail. The impact for manufacturers will depend on their product ranges, their degree of geographical diversification and their size. Many claim they will be unscathed by the changes.

baby's nappies. "If the rules of origin mean these products will have to be woven in Hong Kong then it will be difficult to adjust," says Mr Kenneth Fang, chairman of the Hong Kong Textiles Council.

The industry body has submitted 13 products to the US customs office for clarification on whether they pass or fail the new rules of origin requirements. "The problem is really much one of uncertainty as anything else," says one senior industry executive.

There are similar concerns in the US. The US Association of Importers of Textiles and Apparel, a New York-based trade association, says while its members have the flexibility to find their way around the new rules, their main concern is that they are still in the dark as to exactly how the rules will work.

"In our business, the finer points of interpretation are where it all lies," says Ms Laura Jones, the association's director. "If you cut in Hong Kong and assemble in China, it's very clear that the product will be a product of China and not of Hong Kong. But if you cut in Hong Kong, assemble two major seams in Hong Kong and do the rest of the work in China, what becomes the country of origin? That is what people are trying to find out: what they can and can't do, and the

government hasn't told us yet."

Retailers share this anxiety. Mr Robert Hall, a vice president of the Washington-based National Retail Federation, says if importers guess wrongly about the US government's interpretation of the rules, there could be temporary shortages of garments such as T-shirts, blouses and skirts while buyers organise a switch to other suppliers.

"The difficulties haven't yet hit, but they will hit very soon," says Mr Hall.

In Hong Kong, for many manufacturers it is a matter of wait and see. "We still need information to know what the impact might be," says Mr Sam Cheung, a director of Laws Garments. But Laws, like the other big producers are relatively sanguine about the new measures.

They see the likely impact as limited, arguing that they have long been adjusting to the problems of China's strict export quotas and the high costs of Hong Kong. Production centres and markets have been diversified, particularly in south-east Asia, while the division of manufacturing processes between Hong Kong and China has been curtailed.

John Ridding and Richard Tomkins

Poorest nations urged to adopt market reform

By Guy de Jonquieres, Business Editor

The world's poorest countries risk being left further behind in the process of global economic integration unless they adopt sweeping market-oriented reforms aimed at fostering internationally competitive export industries.

This is the main conclusion of a report by the United Nations Conference on Trade and Development (Unctad), which says the top priority for the least developed countries (LDCs) is to remove supply-side constraints which prevent them exploiting opportunities on world markets.

The report says the objective will take time to achieve, as it involves correcting deep-seated weaknesses, such as poor physical infrastructure, inadequate education systems and acute shortages of technology and management skills.

It says progress will depend heavily on support from richer economies, particularly on their willingness to reverse the recent decline in development aid, increase technical assistance, speed up debt relief and eschew trade protection.

The uncompromising free-market tone of the report is the more striking because Unctad for many years advocated development strategies based on trade protection, government intervention and curbs on private investment from abroad. However, the organisation says such efforts to achieve economic autonomy have been rendered ineffective by changes in the global economy. "As a consequence, governments have few options other than to pursue market-

oriented economic policies." It praises recent efforts by some of the LDCs - a group of 48 mainly African and Asian countries - to lower trade barriers, liberalise their financial systems and pursue more stable macro-economic policies.

Along with a recovery in world commodity prices, these steps have contributed to faster economic growth, which averaged 3 per cent a year in all the LDCs in 1994-95 and exceeded 5 per cent in 14 of them last year. The report is cautiously optimistic about near-term prospects.

Nonetheless, LDCs' share of world output, trade and direct investment inflows was lower than in 1980, while the gap between incomes per head in the world's richest and poorest economies widened.

"The LDCs, with only a small number of exceptions, have become marginalised from the mainstream of global economic activity," the report says.

It warns that, without better access to foreign capital and technology, they risk falling still further behind.

"LDCs require efficient production structures capable of meeting increasingly exacting demands of quality, cost and delivery schedules on international markets," the report says. "Entrepreneurial, managerial, marketing and technical skills are very scarce, as are entrepreneurs with experience of producing for export markets."

The Least-Developed Countries 1996 Report, Unctad, Palais des Nations, Geneva. Available from government bookshops and UN sales sections in New York and Geneva.

Export slowdown may hit E Europe

By Francesca Williams in Geneva

Rapid economic expansion predicted for much of eastern Europe this year could be jeopardised by slow growth in western Europe, the United Nations Economic Commission for Europe warns today in its annual economic survey.

The Geneva-based ECE is predicting a rise in gross domestic product of "at best" 1.5 per cent for western Europe in 1996, compared with 2.7 per cent in 1995.

Before the full extent of this deceleration became clear, eastern European nations (excluding the former Soviet Union) expected to notch up growth averaging 6 per cent this year against 5.3 per cent in 1995 and 4 per cent in 1994.

However, with western Europe taking 50-70 per cent of the region's exports, eastern Europe is highly vulnerable to a slowdown in western import

demand, the survey notes. This is especially true of the Czech Republic, Poland, Romania and Slovakia.

The ECE also takes issue with the International Monetary Fund and the European Bank for Reconstruction and Development, both of which are forecasting a rise in Russian GDP after a smaller-than-expected 4 per cent drop in 1995.

The medium-term strategy agreed by Russia with the IMF, as a condition for its \$10.2bn loan, projects a 1996 growth rate of 2.3 per cent, while the EBRD is predicting a rise in GDP of around 3 per cent. But the ECE points out that Russia's economy ministry is expecting negative or at best zero growth this year.

"Economic Survey of Europe 1996-96. Available in May from UN Sales Section, Palais des Nations, CH-1211 Geneva, fax +41 22 917 0027.

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NEWS: ASIA-PACIFIC

Clinton, Kim try to resolve differences over Pyongyang

By John Burton in Cheju

US President Bill Clinton will meet his South Korean counterpart Kim Young-sam on the resort island of Cheju today to resolve their differences over North Korea.

matic attention of the US. North Korea's goal is to push the US into signing a formal peace treaty that would exclude Seoul and possibly lead to the withdrawal of the 37,000 US troops based in South Korea.

Korea's reaction played right into the hands of North Korea. "said a US official in Seoul. The US has insisted that any peace treaty should be signed between North and South Korea as demanded by Seoul.

with nuclear reactors. Officials in Seoul also believe the sabre-rattling by North Korea is part of a strategy to gain international food aid.



No stone left unturned: Tightened security in South Korea improve ties with North Korea. North Korea to raise the stakes as it seeks to break its diplomatic isolation with the west.

Wholesale price fall in Japan

Japan's overall wholesale prices fell 0.1 per cent month-on-month in March, after being unchanged in February, the Bank of Japan said yesterday.

Beijing starts work scheme Beijing city authorities are to provide subsidies to work units that take on unemployed workers. Units employing men over the age of 40 or women over 35 for a minimum two years will get a one-off payment of Yn3,000 (\$60), the Xinhua news agency said yesterday.

Hong Kong aims to boost housing market funds

By John Fiddling in Hong Kong

The Hong Kong Monetary Authority yesterday issued proposals for a government-backed mortgage corporation aimed at increasing the long-term supply of funds for the housing market and strengthening the territory's capital markets.

ture could be modified. In addition to responding to expected growth in demand for housing finance, which is forecast to see a gap of more than HK\$780bn between mortgage supply and demand by the year 2005, the corporation is aimed at improving the balance of banks' loan portfolios.

Back to cosy US-Japan ritual

There will be less No-saying at Tokyo summit, writes William Dawkins

The US-Japan summit in Tokyo tomorrow will on the surface mark a return, after uncertain times, to the once cosy annual ritual whereby both sides are pre-programmed to swear close partnership.

rap of a schoolgirl by three US servicemen last autumn. The urge to renew their vows is driven by undiminished security tension in Asia.

logistical support for them, a technical but significant step. Adding to the US-Japan taste for cordiality is the apparent rapid opening of the Japanese economy.

being prised open by a mixture of consumers' self-interest and a strong yen. Washington can claim - and Tokyo officials will refrain from openly disagreeing - that its trade negotiators' skill has also helped.

ADB backs 'gradual' Asian reforms

By Edward Luce in Manila

Former communist countries in transition towards a free market economy could avoid painful social upheavals associated with the change if they adopt elements of the "gradualist" approach used by China and Vietnam, according to the Asian Development Bank.

by up to 40 per cent while inflation has often breached 1,000 per cent since "shock therapy" was introduced in the early 1990s.

planned economies to market-oriented ones while avoiding the large social and economic upheavals often caused by big bang approaches.

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

Table with multiple columns for different countries (USA, Japan, Germany, France, Italy, UK) and rows for various economic indicators like GDP, inflation, and employment over time.

Irian Jaya shooting spree kills 15

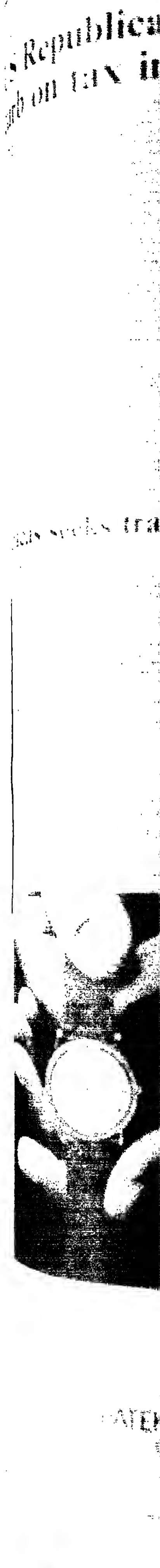
By Manuela Saragosa in Jakarta

Fifteen people died and 12 were injured at Timika airport near the Indonesian mine of the US company Freeport McMoran Copper & Gold in Irian Jaya yesterday, after an Indonesian soldier went on a shooting spree.

clear whether any Irianese were killed. The killings do not affect Freeport's plan, but there is concern they will increase tensions around the mine, which Freeport was forced to close for three days last month because of rioting.

in the remote village of Mapuduma, 100 miles north-east of Timika. The tribesmen were said to have taken revenge against the soldiers whom they accused of rape.

state-run TVRI television, said the death toll from the Timika shooting had risen to 15. The soldier who carried out the attack was a second lieutenant.



House showdown on constitutional amendment

US Republicans seek curb on tax increases

By Jurek Martin, US Editor, in Washington
The US Congress returned from its Easter break yesterday with taxation on its immediate mind but facing a heavy legislative schedule on a range of issues likely to loom large in the autumn elections.

under the direction of Senator Bob Dole, the majority leader and presumptive Republican presidential candidate, immediately put reforms of immigration and healthcare insurance at the top of its agenda.

Republicans in the House of Representatives, exploiting the fact that yesterday was the deadline for Americans to file tax returns, set an evening vote on a constitutional amendment that would create a "supermajority" of two-thirds of Congress for any increase in taxes.

It began debate yesterday on immigration, now split into two bills covering legal and illegal aliens. The first leaves most of the existing legal immigration quotas and preferences in place, but Senator Alan Simpson of Wyoming, sponsor of the original omnibus bill, is still insisting that reductions be made as a condition for passing tighter controls on illegal immigrants.

as the creation of medical savings accounts and medical malpractice reform, both already passed in different forms by the House but strongly opposed by the administration and many Democrats in Congress.

Other senators are also keen to add amendments, thus raising the prospect of an eventual piece of legislation approaching Mr Clinton's own healthcare reform bill, which fell under the weight of its own ambitious complexity in 1994.

Caracas seeks transport bids

By Raymond Collett in Caracas
Venezuela yesterday opened registration for investors seeking to bid for an \$800m project to improve transport links with the principal industrial belt around Ciudad Guayana, some 530 km south-east of the capital, Caracas.

expressed interest in the project. They have until July 8 to register and exchange criteria on technical and contractual details with the Compañía Venezolana de Guayana (CVG), a state industrial holding company.

It involves the construction of a bridge over the Orinoco river, a 320 km rail link to the Caribbean, a deep-sea port and 165 km of road.

Unlike the country's privatisation plans, which have been bogged down by legislative constraints, the 30-year build, operate, transfer (BOT) trans-

port contract faces no legislative obstacles, said Mr Valera. Following the completion of pre-qualification in December, he expects the bidding process to start next January.

Investors would probably be able to use public debt swaps - both of Republic of Venezuela paper as well as that of the CVG - as an alternative in financing the projects. A final decision on this proposal is awaited.

A rail link with direct access to a deep-sea port would provide the region's heavy industries, especially mining, with a new outlet to international markets.

Argentine province rejects private sector hydro-electric project on environmental concerns

Menem embarrassed by anti-dam vote

By David Pilling in Buenos Aires

Plans to build a large hydro-electric dam on the Argentine-Paraguayan border have been set back sharply after residents of Misiones province in Argentina voted overwhelmingly against the 3,000MW Corpus project.

The "no" vote, in a plebiscite on Sunday in the north-eastern province, by about nine to one, is an acute embarrassment to the Argentine federal government. President Carlos Menem last year signed an accord with President Juan Carlos Wasmosy of Paraguay, giving the go-ahead for the dam.

federal government, but such a big rejection could scare off potential investors in a \$4bn project to be built entirely with private capital.

Misiones people seem to have been concerned that construction of Corpus, which would involve flooding an estimated 35,000 hectares of land in Argentina and Paraguay, could severely harm the environment. The anti-Corpus campaign said 40 per cent of the flora and fauna of the tropical rainforest in Misiones might be lost.

Another dam, Yacretá, has alerted Misiones to the dangers such projects can pose. This 3,000MW dam is still unfinished and Argentina has spent an

estimated \$50m of public money on it. Yacretá, dubbed a "monument to corruption" by Mr Menem, was conceived with little thought to the environment. Run-offs into the Paraná river are said by analysts to have had a devastating effect on fish.

The Argentine government, which has frozen funds for completion of Yacretá, wants to cut its losses and put the dam out to a 30-year concession, but necessary legislation is stuck in Congress. The concessionaire would have to complete installation of turbines at Yacretá and raise the dam's level from 76 to 83 metres.

land in cities on either side of the border, which could become more controversial given the result of the Corpus plebiscite. It is believed the respective governments would take political and financial responsibility for paying compensation to dislodged families.

Mr Jorge Domínguez, who won the primary on Sunday to pick the Peronist candidate for the mayoralty of Buenos Aires, faces an uphill battle if he is to become, in June, the first elected mayor of Argentina's federal district.

Polls show him trailing both Mr Fernando de la Rúa, the Radical party candidate, and Mr Norberto La Porta of the left-wing Frepaso alliance.

Sally Bowen finds unions resisting Bolivia's scheme to attract foreign investment

Sally Bowen finds unions resisting Bolivia's scheme to attract foreign investment

Bolivia's reforming President Gonzalo Sánchez de Lozada is poised for a showdown with the country's confederation of workers, the COB. Battle lines are drawn and, after protracted talks broke down last week, positions are entrenched and violence is threatened.

and assume control. The remaining 50 per cent is earmarked for distribution via a private pension fund system to the 4m adult Bolivians. Fresh capital is used exclusively to increase the company's productive capacity.

Bolivia's immense poverty. The president thinks he has the solution. He wants to turn his landlocked country into the power hub of South America, distributing natural gas from Bolivia (and eventually Peru) to Argentina, Chile,

government officials call the "energy triangle". One side is passage through Congress of a modern hydrocarbons law, already delayed. Another is the capitalisation of YPFB. The third is the planned \$30m pipeline which would transport Bolivian natural gas to São Paulo and Porto Alegre in southern Brazil.

Bolivia needs to raise \$400m for its share of pipeline construction and \$600m for exploration and development of the reserves needed to make the project viable. With multilateral finance drying up rapidly, YPFB is now hard pressed to invest even \$80m a year. Indeed, as reserves dwindle, the country faces the prospect of having to import fuel within eight years.

The logic of capitalisation seems obvious. Some 35 major international oil companies have pre-qualified to bid for YPFB's various units. Also, the four state companies already capitalised are bringing substantial investment to Bolivia.

At capitalisation, Bolivia's new strategic partners committed more than \$835m. This represents more foreign investment than the country has attracted in the past 15 years. Entel, the telecommunications monopoly acquired last September by Stet of Italy, will pour an unprecedented \$160m this year into modernising Bolivia's telephone system. The Brazilian airline VASP, which bought into Bolivia's

flag carrier LAB in October, added this week a Boeing aircraft to the fleet it committed on capitalisation.

Most dramatic may be the plans of the three companies which capitalised the generating plants of what was the state-owned energy company Ende. Dominio Energía, Constellation Energy and Energy Initiatives, all of the US, now plan to invest \$195m over the next five years, some \$55m more than they committed when Ende was split and capitalised last June.

With Cobee, the already private generating company for the capital La Paz, the three are also contemplating a \$600m investment in a project to export 450MW of power from Bolivia to Brazil's neighbouring Mato Grosso region.

"This is a huge undertaking for Bolivia, which now generates only 700MW in total," said Mr Roger Dupuis, Cobee's CEO in La Paz.

Many Bolivians seem to believe that the dynamic Mr Sánchez de Lozada will resolve the matter by imposing his will. Most remain sceptical about the future benefits of capitalisation. The COB is playing on deep mistrust, ignorance and xenophobia.

The battle for YPFB may not be the last. Some analysts predict the law establishing private pensions funds, now expected at about mid-year, will provoke even stiffer resistance from the COB.



Trying to give Bolivians a new stake: President Sánchez de Lozada is determined on a capitalisation of the public sector

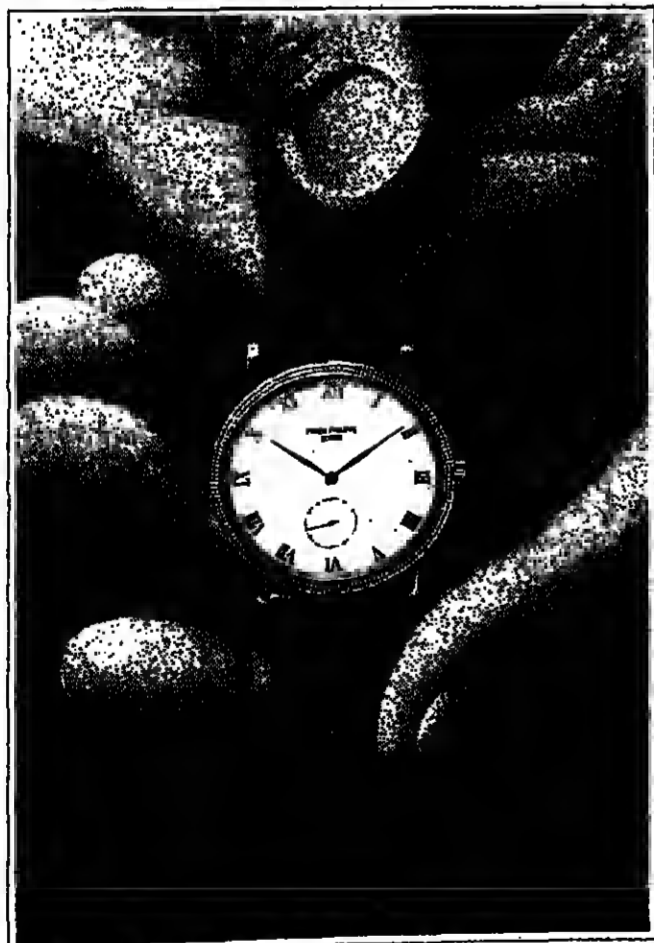
The economy badly needs a kick-start. Bolivian rates of internal savings are historically low, even for Latin America - averaging 10.8 per cent of GDP over the past five years.

Paraguay and Brazil. "That is our destiny and we aren't going to let it escape us," he proclaimed in an impassioned speech on April 8, commemorating the anniversary of his MNR party's revolution of 1962.

Annual growth, even at a steady 4 per cent, is inadequate to make deep inroads into

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BT links up with AT&T in London project

By Alan Cane in London

British Telecommunications and American Telephone and Telegraph have been forced to put rivalry aside to co-operate on a project to give London a world lead in electronic communications.

They were persuaded to do so only at the explicit instruction of the LondonLink management. Neither company is receiving a contract fee. They will recoup their investment and make profits only if London organisations use the service.

Mr Mike Lewis, BT market manager for global finance, said he thought that there was potential for "significant revenues". Mr Jim Healy, AT&T principal for electronic commerce, said that it had taken time to get used to working closely with a competitor.

The project was going "more smoothly than I thought it might... so far", he said. LondonLink, a subscription organisation, is organised by three groups, the London Pride Partnership, the London region of the Confederation of British Industry, and

the London Research Centre. It is chaired by Mr Geoffrey Doubleday, the managing director of information systems at Nomura International. Mr David Potter, the founder of Psion, the electronic organiser manufacturer, is the vice-chairman.

Mr Doubleday said yesterday that the appointment of BT and AT&T "means that significant industrial muscle is being put behind the achievement of genuinely easy to use, secure electronic communications which will be independent of the underlying technologies and used throughout London's public, private and voluntary sectors".

Government moves to boost shareholder power

By James Harding and David Wighton

Companies will be asked today to suggest safeguards against agitators at annual general meetings, as the government launches an initiative to increase shareholder power.

Ministers are concerned that proposals to enhance shareholders' rights "should not open the floodgates to AGM rowdies". The Department of Trade and Industry is expected to publish a consultation paper today proposing new laws to make companies more accountable to all their shareholders.

The core proposal will be to amend the Companies Act to make it a statutory requirement for companies to print and circulate shareholder resolutions in advance of the AGM. The idea has alarmed companies, which fear they will face a barrage of hostile resolutions, which they will have to publish and send to tens of thousands of shareholders at considerable expense.

Under the existing rules, 100 shareholders together holding more than 10,000 of a company's shares have to support a resolution if it is to be voted on at an AGM. Even with this level of support, the shareholders have to pay for printing and circulating the resolution.

Mr John Hughes, head of public affairs at RTZ, the mining business which has a history of lively AGMs, said yesterday: "You have to have a safeguard in place to stop vexatious amendments, so that ultimately ordinary shareholders do not have to pay for the costs of vexatious proposals."

However, Mr Donald Butcher, chairman of the UK Shareholders Association, denied that the proposals would encourage more frivolous resolutions and waste company money. "It would be in the interests of both shareholders and companies for dissent to be more focused. Boards could suggest to pressure groups that if they have something to say they should put it down as a formal resolution which can be debated in a more constructive way."

Prospectus aims to attract investors worldwide Rail sale campaign launched

By Charles Batchelor and George Parker

Railtrack, the British rail network which is to be privatised, set the scene yesterday for the launch of a worldwide marketing campaign for its shares, with the publication of a 253-page prospectus explaining the company, its markets and the regulatory regime within which it must work.

Information they need to judge the company. The company and its advisers believe they can justify an issue price of around 350p per share for a total market valuation of about £1.8bn. That would make Railtrack one of the smaller privatisations in the British government's programme but should qualify it - just - for the FT-SE 100 share index.

Publication of the prospectus prompted a renewed round of criticism from the Labour opposition party but Mr John Edmonds, Railtrack managing director, said: "The omens are all good. I think it will work. The propaganda has been very hostile but if anything that strengthens our resolve. I think people are going to be very surprised."



Pointing the way: Bob Horton, the Railtrack chairman, with John Edmonds, left, and Norman Broadhurst, finance director, at the unveiling of the marketing campaign for the latest privatisation of state-owned assets in the UK.

UK retail sales surge ahead

By Graham Bowley, Economics Staff

Britain's biggest retailers reported yesterday that trade grew at its fastest rate for at least 2 1/2 years last month although the figures were inflated by the busy Easter period.

The British Retail Consortium, the shops' trade association, said the value of retail sales in March was 7.5 per cent higher than in the same month a year earlier - the largest annual rise since it began producing sales data in January 1994.

These latest figures are in line with other evidence which shows the contrasting fortunes of different parts of the economy and which suggest that while industry is stagnating, consumer demand remains buoyant.

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Black day for fans with grey shirts

By Patrick Harverson

Thousands of Manchester United supporters were left with the blues yesterday after the Reds dumped the grey for the white in a move that could add a final twist to the colourful English football season.

Blair faces test of his leadership

By Robert Peston, Political Editor

The first serious attack on Mr Tony Blair's rigid control of statements by Labour spokesmen was made yesterday when Ms Clare Short, the shadow transport secretary, vowed that she would "not be silenced" in the wake of criticism of her weekend remarks about tax.

Regulator to reduce burden on leading fund managers

By Nicholas Denton

Leading fund management companies are set to enjoy a looser regulatory regime under reforms announced yesterday by Inro, the UK's investment industry regulator.

"Anything that involves implementation of a grading structure that separates the quality players from the others has to be good news," said Mr Paul Manduca, the managing director of Threadneedle Asset Management.

HOLD THE FRONT PAGE! DON'T THROW IT AWAY! 30% of Britain's annual domestic rubbish is paper - and half of that is old newspapers. The obvious answer is to recycle them.

UK NEWS DIGEST

Drinks code for young widened

Leading brewers and distillers have widened their code of conduct on marketing to young consumers to include all their products - not just the alcoholic soft drinks that triggered public concern about under-age drinking early this year.

Mis-selling payments decline

Payments of compensation to investors who were mis-sold financial products such as home income plans, fell last year but are likely to increase as victims of pension mis-selling start to put in claims.

Warning on minimum wage

Employers in low-paying industries will face "enormous difficulties" if a legally enforceable national minimum wage - to which the Labour party is committed - is introduced, according to an interim report presented yesterday to the independent Employment Policy Institute.

Leyland launches new truck

Leyland Trucks, Britain's biggest independent truckmaker, will today launch its first significant new model since the collapse of the former Leyland-Daf commercial vehicles group in 1993.

Labour reviews tourism VAT

Labour will today promise to review the case for cutting Value Added Tax on hotel accommodation, as part of a package of measures to help tourism.

Major supports monarchy

Mr John Major, the prime minister, yesterday rejected suggestions that the monarchy should be radically overhauled, and hailed the Queen as a "very fine exponent of constitutional monarchy".

Support for accounting vision

A controversial vision of the future of British accounting put forward by the Accounting Standards Board won qualified support from the majority of chartered accountants yesterday.

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IN BRIEF

US brokers report record first terms

High levels of activity in financial markets have led to record first-quarter profits for Merrill Lynch, PaineWebber and Smith Barney, the Wall Street Securities houses.

Jakarta group buys indirect Sateindo stake
Jakarta International Hotel & Development, a listed Indonesian property company, is buying a 21 per cent indirect stake in Sateindo, the Indonesian satellite telecommunications company, in a \$401m deal.

La Seda welcomed back to bourse
La Seda de Barcelona, Spain's leading synthetic fibres producer, made a triumphant return to the domestic stock market after a five year absence.

Oracle claims network computer demand
Mr Larry Ellison, chairman and chief executive of Oracle, the world's second largest software company, claimed large companies including Boeing, the US aerospace group, had expressed enthusiasm for the concept of cut-price network computers.

Time Warner cash flow jumps 32%
Time Warner, the US media group, produced a 32 per cent rise in cash flow for the first quarter to \$999m, with a strong recovery in its cable TV operations partly offset by weakness in the recorded music business.

Hardy Oil sells US assets to Enron arm
Hardy Oil & Gas, the independent UK exploration and production company, announced the sale of its Hardy US operations for \$118m (\$179m) to Enron Capital and Trade Resources, a subsidiary of the US energy group Enron.

Companies in this issue
Table listing various companies like AT&T, Accor, Airbus, Alko, Ampac, Amstar, Amtek, BAA, Banco de Chile, Boeing, Canadian Pacific, China Airlines, Compair, Deutsche Telekom, Ensenco, Estimote, Falconbridge, Freeport McMoran, General Electric, Genstar, Genset, Hamlet, India, Inland Steel, Inmet, JHID, Johnson, Kansas City Power, LTV, La Seda, Lanzing, Merrill Lynch, Morphosys, Naif, etc.

Market Statistics
Table showing financial market statistics for various regions including Europe, US, and Asia.

Chief price changes yesterday
Table showing price changes for various commodities and currencies.

FRANKFURT (DM)
Table showing price changes for Frankfurt market.

NEW YORK (DOLLAR)
Table showing price changes for New York market.

LONDON (POUNDS)
Table showing price changes for London market.

TOBACCO (USD)
Table showing price changes for tobacco products.

Holzmann falls into unexpected loss

By Andrew Fisher in Frankfurt

Lower property values lead to reversal of forecast

Philipp Holzmann, Germany's biggest construction group which is fighting off a bid attempt by its smaller rival Hochtief, yesterday reversed its previous profit forecast by revealing that the sharp slide in domestic property values caused a net loss of DM660m (\$242m) last year.

The DM620m loss after taxes compares with a 1994 profit of DM120m. Holzmann will pay no dividend, having earlier stated that shareholders would receive a payout despite the poor state of the building economy, which would depress profits.

Holzmann said the provisions, write-downs and related losses were prompted by a report carried out by accountants KPMG Deutsche Treuhand. They were called in at the end of last year, but Holzmann said it had no inkling then that the financial consequences would be so bad.

Holzmann news was "a complete surprise" and would not be well received in the market. "This contradicts what they said in February," he added.

Philip Morris slashes prices of cereals

By Richard Tomkins in New York

Philip Morris, the US tobacco and food group, yesterday set the scene for a price war in the US breakfast cereal industry by slashing the list prices of its cereal products by an average of 20 per cent.

The move came almost three years to the day after Philip Morris made a similar move in the US cigarette market, slashing the price of Marlboro and its other premium cigarette brands by nearly 20 per cent to win back market share from lower cost rivals.

Shanghai glass venture falls 32%

By Tony Walker in Beijing

Corporate raider appears to be losing the fight for the US group

LeBow camp prepares for crucial battle in RJR siege

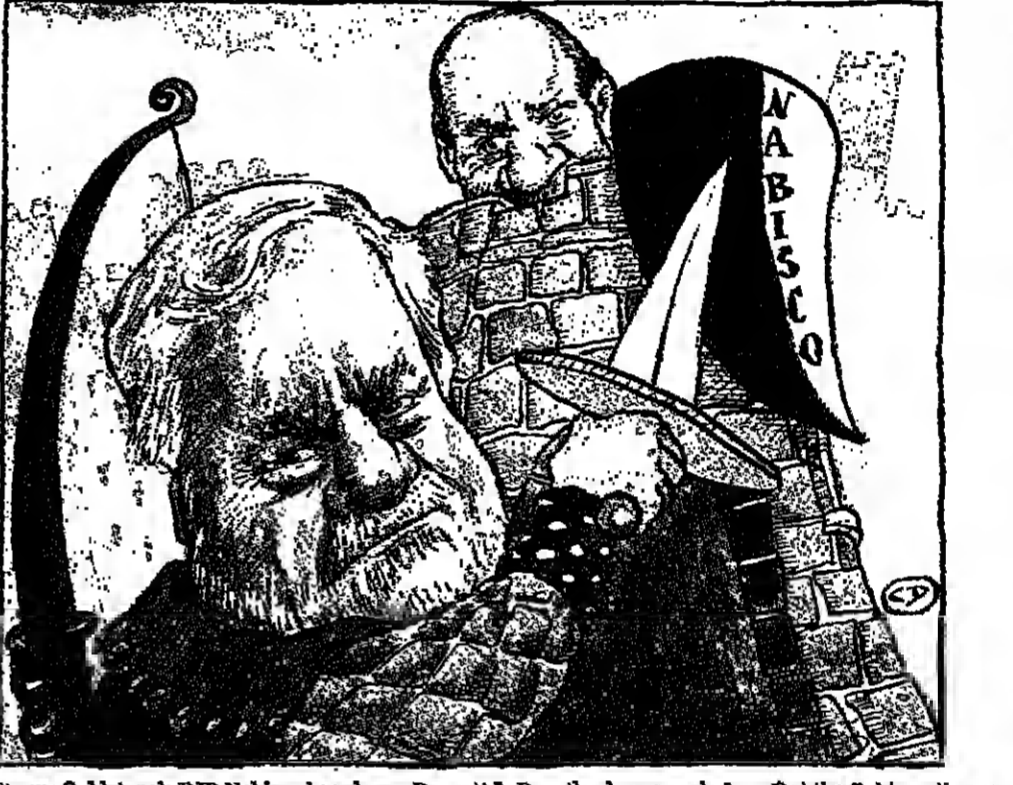
The barbarians are back at the gate and tomorrow will determine whether or not they get in. Seven years ago RJR Nabisco, US maker of Camel cigarettes and Ritz crackers, became the object of the world's highest leveraged buy-out when it fell victim to a takeover by Kohlberg Kravis Roberts for \$25bn.

Now, RJR Nabisco is under siege again - this time by the US corporate raider Mr Bennett LeBow. And at the company's annual meeting tomorrow in Winston-Salem, North Carolina, it will emerge whether Mr LeBow has won enough shareholder support to take control of the company.

The way was opened to Mr LeBow's approach when KKR, having taken RJR Nabisco private in 1989 and brought it back to the market in 1991, sold its remaining stake in the company last year.

Within weeks of KKR's exit, RJR Nabisco received a surprise approach from Mr LeBow, a second division buy-out artist, who had earned a controversial reputation over the years for financing a lavish lifestyle through his business dealings.

By Richard Tomkins in New York. Philip Morris is one of the biggest breakfast cereal makers in the US. Through its Kraft Foods subsidiary, it owns Post Cereal, which sells 22 cereals in the US under the Post and Nabisco brands - among them, Post's Grape Nuts and Nabisco's Shredded Wheat.



Steven Goldstone's RJR Nabisco has shown Bennett LeBow the door once before. But the fight continues

Mr John Crossman, chief representative of Jardine Fleming, said it appeared foreign exchange losses and higher than expected interest charges had contributed to the indifferent result.

He said increased competition from other glass manufacturers had squeezed margins in a tight market. Tough trading conditions, internationally had also had an impact on the company's profits, with margins overseas lower than those in the domestic market.

RJR Nabisco showed Mr LeBow the door, but soon enough he was back. In partnership with Mr Carl Icahn, another corporate raider, he built up a stake of 3.8 per cent in RJR Nabisco and started soliciting shareholders to support his spin-off proposal.

At first sight, the deal seemed to put RJR Nabisco under heavy pressure to merge with Liggett. Although the settlement would take \$120m a year out of RJR Nabisco's pre-tax profits, a move that held no value for RJR Nabisco's shareholders.

Previously, ISS said Mr LeBow's settlement with the anti-tobacco plaintiffs made it clear that his primary motive was to merge Liggett with RJR Nabisco, a move that held no value for RJR Nabisco's shareholders.

Turnover increased 2.9 per cent to Yn649,434m from Yn639,327m in 1995. Earnings per share reached Yn0.57 compared with Yn0.65.

Yaohua Pilkington, whose foreign currency B-shares account for 25.64 per cent of the company's 390m outstanding shares, is increasing capacity at its Shanghai facility with the addition of a second float glass production line.

It is also investing in a plant to manufacture safety glass for vehicles. This is due to open in the first half of this year.

Yaohua Pilkington planned a 2.5-for-10 bonus issue to all shareholders from 1995 earnings, it said yesterday. The plans have been approved by directors and will be submitted to shareholders for approval at a meeting on May 23, according to the Shanghai Securities News.

US Internet group buys security company for \$200m

By Louise Kehoe in San Francisco

The deal gives Security Dynamics, which has developed security products for computer networks, control over encryption patents.

RSA would become a wholly-owned subsidiary of Security Dynamics and would continue to license its technology to third parties, the companies said.

Security Dynamics share price jumped 37 per cent to \$82 in mid-session yesterday, up from Friday's close of \$60, on news of the acquisition.

RSA, which had sales last year of \$13m, currently licenses its encryption algorithms to companies including Netscape Communications, Microsoft, IBM, AT&T, Motorola, Apple Computer and Sun Microsystems. The RSA technology is also at the centre of a

proposed system for protecting credit card transactions on the Internet which is being developed by Visa International and MasterCard.

The acquisition is subject to shareholder approval, but RSA stockholders representing about 70 per cent of outstanding shares have already agreed to vote in favour of the deal.

"RSA's technology is an excellent fit with Security Dynamics' enterprise-wide security solutions," said Mr Charles Stuckey Jr, president and chief executive of Security Dynamics.

"In the rapidly growing Internet and intranet markets, security has become one of the major issues," he said.

Industry analysts have been predicting consolidation in the emerging Internet security market which is crowded with dozens of small companies each addressing one or two aspects of the problem.

Security Dynamics share price jumped 37 per cent to \$82 in mid-session yesterday, up from Friday's close of \$60, on news of the acquisition.

RSA, which had sales last year of \$13m, currently licenses its encryption algorithms to companies including Netscape Communications, Microsoft, IBM, AT&T, Motorola, Apple Computer and Sun Microsystems. The RSA technology is also at the centre of a

proposed system for protecting credit card transactions on the Internet which is being developed by Visa International and MasterCard.

The acquisition is subject to shareholder approval, but RSA stockholders representing about 70 per cent of outstanding shares have already agreed to vote in favour of the deal.

"RSA's technology is an excellent fit with Security Dynamics' enterprise-wide security solutions," said Mr Charles Stuckey Jr, president and chief executive of Security Dynamics.

"In the rapidly growing Internet and intranet markets, security has become one of the major issues," he said.

Industry analysts have been predicting consolidation in the emerging Internet security market which is crowded with dozens of small companies each addressing one or two aspects of the problem.

Security Dynamics' identification and authentication technologies would complement RSA Data's encryption technologies, analysts said.

Yesterday, Security Dynamics reported first-quarter results with revenues of \$12.2m for the quarter, an increase of 95 per cent over the same period last year.

Net income jumped 128 per cent to \$2.53m. Sales were driven by heightened security concerns surrounding commercial use of the Internet, said Mr Stuckey.

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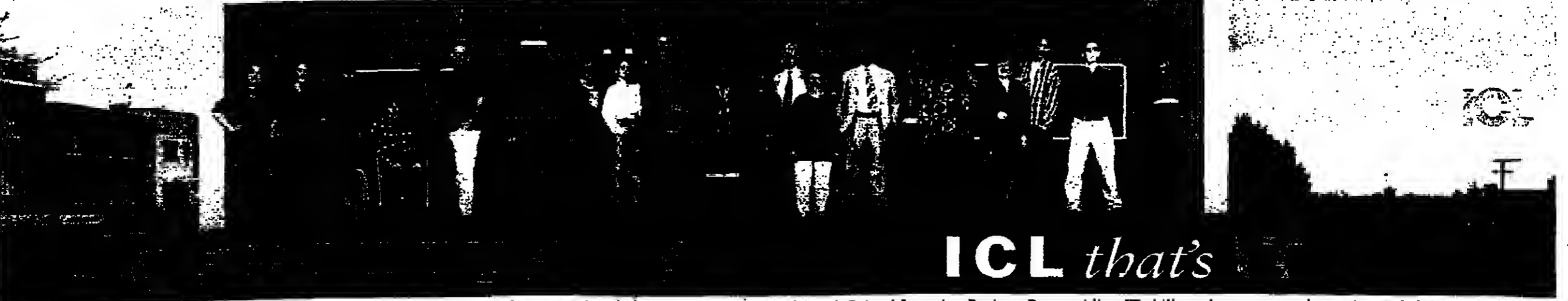
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La Seda shares surge 15% on return to bourse

By Tom Burns in Madrid

La Seda de Barcelona, Spain's leading synthetic fibres producer, made a triumphant return to the domestic stock market yesterday, five years after a controversial decision by Akzo, the Dutch chemicals group, to pull out of its shareholding brought La Seda to the brink of bankruptcy and halted trading in its shares.

La Seda shares, which have a par value of Pta500, rose within minutes from an unexpectedly high opening price of Pta700 to Pta805, the maximum 15 per cent rise allowed by the stock market commission on the first day of their re-listing. They had tumbled to Pta290 in July 1991 when trading was suspended.

The shares' strong performance gave the company a market capital of Pta8bn (\$63m). It also appeared to vindicate a decision to back La Seda that was taken early last year by a group of financial investors led by Hambro European Ventures, Swiss Bank Corporation and Catalana d'Iniciatives, a venture capital agency owned by the city council of Barcelona, where La Seda has its headquarters, and by the local Catalan government.

"It would be reasonable to suppose that La Seda will soon be in a position to attract an industrial partner and to raise capital," said Mr Ignacio Moreno, an analyst at stockbrokers Beta Capital in Barcelona.

At the end of last year, La Seda's board said it would

launch a Pta2.5bn rights issue once it had succeeded in returning to the stock market.

La Seda was rocked five years ago when Akzo, which then owned 57 per cent of its equity, abruptly said it was in effect writing off its investment. The Dutch group had become concerned that the losses incurred by its Spanish subsidiary would have an increasingly negative impact on its group earnings.

An offer by Akzo to transfer its La Seda shareholding for a symbolic Pta1 to the company's creditor banks prompted a public outcry. It was the first instance of a multinational walking away from a Spanish subsidiary - and a bitter round of negotiations with the banks, which insisted Akzo find a new owner for the company.

A subsequent decision by the Dutch group to sell the company to a Barcelona lawyer, Mr Jacinto Soler Padro, angered minority shareholders who doubted the buyer's solvency. Subsequent litigation was only settled out of court last year after La Seda had managed to attract fresh finance.

The funding, which totalled Pta6bn, served to rationalise the company's product line and to focus its output on polyethylene terephthalate (PET), an environment-friendly packaging material also used in the manufacture of textiles.

La Seda posted net profits of Pta4.9bn last year on sales of Pta44.9bn.

In 1991 the company had reported sales of Pta21.4bn and losses of Pta3.9bn.

Telecoms chief faces toughest test

Deutsche Telekom flotation will call on Ron Sommer's PR skills

Mr Ron Sommer, Deutsche Telekom's self-assured and energetic chief executive, has a capacity for turning misfortune to his advantage. It is a skill he may need in the run-up to the company's DM15bn (\$10bn) flotation in November.

His abilities were apparent in January when his company was engulfed in a crisis that had all the makings of a public relations disaster. Customers already angered by the raising of local charges to pay for more competitive long-distance rates were further incensed when faulty computer software charged them at normal, rather than holiday, rates for calls on new year's day.

Mr Sommer's response, apart from compensating those overcharged, was to declare February 25 "Telekom Sunday", when the operator's 40m customers could make calls at the lowest rate. "So now you see how we manage catastrophe. I do not know any company in the world which could have done it better," he says.

The 47-year-old, Israeli-born former chief executive of Sony Europe has impressed observers in his first year as head of Europe's largest telecoms group. One banker associated with the float said: "He has all the essential ingredients to lead the company into privatisation and beyond."

These qualities include an unstuffy manner, an appreciation of the importance of marketing, and an understanding, not common in senior executives of monopoly operators, that customers matter.

He now has in place a revitalised management board, or Vorstand, including Mr Erik Jan Nederhoorn, in charge of international business, and Mr Hagen Hultsch, who heads technical services. Both come from outside the traditional telecoms business and share his business attitude.

What Mr Sommer lacks is time. "We are trying to do everything at once. Look what we have achieved over the past year or so and compare it with what our global competitors have done in 12 or 14 years."

He points to the launch at the end of January of Global One, Telekom's international joint venture with France Telecom and Sprint of the US, and to its collaboration with Ameritech in the MagyarCom consortium which won a 30 per cent stake in the Hungarian national operator, Matav.

International developments, however, pale in comparison with the domestic challenges of reducing both debt and staff numbers. For Mr Sommer, removing layers of staff in an equitable fashion represents the biggest challenge.

At the end of 1995, Telekom had 233,000 staff, half of them civil servants. He plans to reduce that number to 170,000 through voluntary redundancy, by 2000.

What is the logic behind the 170,000 jobs target? "This is based on the mid-range plan of the company; the businesses we are in; and the kind of productivity and the increase in value we would like to see for our one old shareholder and numerous new ones," he says.

"The real issue for Deutsche Telekom is not how many people is the right number. The real issue is how quickly we can become strong where we are weak - this includes the area of customer friendliness where we are already changing rapidly - as well how quickly we can develop new businesses in the area of, for example, multimedia."

The way the industry will be regulated after January 1 1998, when EU rules say Europe's telecoms markets must be opened to full competition, is another concern.

He seems set for a row with post and telecoms minister Mr Wolfgang Botsch over price cuts agreed with his predecessor Mr Helmut Rieke, to take effect in 1998. He believes they are weighted unfairly against Telekom. "It is a red carpet policy for our global competitors like AT&T and British Telecommunications."

BT has an alliance in Ger-



Ron Sommer: 'We have decided no longer to be a sleeping giant'

many with Viag and RWE. Cable and Wireles has linked up with Veba and its telecom arm, Vebacom.

To tackle global competition, Mr Sommer will have to continue to rebalance long-distance and local call charges. The most recent figures from the International Telecommunications Users Group suggests that a five minute call over 300km costs about four times as much as a similar call in the UK.

"We have decided," says Mr Sommer, "no longer to be the friendly sleeping giant. We are determined to fight for every customer."

However, plans to offer corporate clients rebates of up to 39 per cent, approved by the German government earlier this year, have been frozen by the European Commission which wants to see the same

rebates offered to Telekom's private sector competitors such as Mannesmann and Viag.

Mr Sommer is sanguine, arguing that rebalancing will not be enough: Telekom has to find ways to encourage greater use of the phone.

Many would argue Mr Sommer has already wrought a transformation in Telekom. He accepts, however, there is some way to go. Complaints are at a low level, but he knows about every single one. "The secret," he says with characteristic opportunism, "is to turn every complaint into a letter of commendation."

Alan Cane and Michael Lindemann

An interview with Mr Wolfgang Botsch, German post and telecoms minister, was published on April 11.

NEWS DIGEST

Lenzing warns of weakness this year

Lenzing, the Austrian maker of viscose fibres, yesterday reported a decline in first-quarter earnings, following a 17 per cent drop in 1995 group net income from Sch304.6m to Sch253.7m (\$23m). Mr Heinrich Stepnicka, chairman, said weak textile sales in Europe would mean the company was unlikely to match its 1995 results this year. He did not release figures for the first quarter.

Lenzing, one of the world's largest viscose fibre producers, was also feeling pressure from Asian competitors, and rising prices for cellulose, a raw material for the viscose production. Mr Stepnicka said he was still satisfied with last year's results.

Sales for the year advanced from Sch8.42bn to Sch8.70bn, and profits from regular operations rose slightly from Sch305.1m to Sch312.6m. The company maintained its dividend at Sch10 a share.

Eric Frey, Vienna

Revamp hits French bank

Comptoir des Entrepreneurs, the French specialist property bank, yesterday reported losses of FF760.1m (\$103.7m) for 1995 after substantial provisions to help in its restructuring. The bank, which has been hit by the property crisis of the last few years, was refinanced last year and is now 75 per cent controlled by Assurances Generales de France, the state-owned insurance group.

The results, in line with expectations, include a FF300m provision unveiled for the first half of the year to cover non-recurring costs, asset sales, productivity gains and debt restructuring.

Andree Jack, Paris

Henkel boosts dividends

Henkel, the German chemicals and consumer goods group, announced increases in the ordinary dividend from DM9 to DM11.50 and in the preference dividend from DM11 to DM11.50. The decision was taken yesterday at a meeting of the company's supervisory board ahead of today's annual news conference.

On the Frankfurt stock market, Henkel shares were among the top performers yesterday, rising DM31.50 to close at DM57.4.

Wolfgang Minchau, Frankfurt

Accor plans board changes

Mr Paul Dubrule and Mr Gerard Felisson, co-chairmen of Accor, the French hotels and leisure group, expect to create a supervisory board and a management board by the end of this year. However, no proposals would be made at the next shareholders meeting, they said. The company also expected to sell around FF1.7bn (\$333m) in real estate assets in 1996, they said in an interview in the business newspaper La Tribune Desaffaires.

AFX News, Paris

VW's Spanish unit plans to lift output

Volkswagen's Spanish subsidiary, Seat, said it planned to raise production to 410,000 units in 1996 from 345,000 last year, AFX News reports from Madrid. Mr Juan Llorens, Seat chief executive, said at a press conference he expected automotive sales to increase between 4 per cent and 8 per cent in 1996, adding: "The only way for the market to go is up, given that it is currently in a very depressed situation."

Indra, the Spanish state-controlled electronics group,

plans to raise its stake in Amper, the Spanish electronics company, from 9.4 to 24.7 per cent with the purchase of Telefonica de Espana's 15.3 per cent in the company, the financial daily Cinco Dias reported. Cost of the deal is about Pta3bn (\$215m), it said.

According to the report, the objective behind Indra's decision is to merge its telecommunications systems business with Amper's subsidiary Amper Datos in order to create a single Spanish group in this area.

What Mr Sommer lacks is time. "We are trying to do everything at once. Look what we have achieved over the past year or so and compare it with what our global competitors have done in 12 or 14 years."

He points to the launch at the end of January of Global One, Telekom's international joint venture with France Telecom and Sprint of the US, and to its collaboration with Ameritech in the MagyarCom consortium which won a 30 per cent stake in the Hungarian national operator, Matav.

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COMPANIES AND FINANCE: THE AMERICAS

Oracle claims strong interest in NCs

By Paul Taylor in Amsterdam



Larry Ellison: NCs 'will be good for everyone except Microsoft'

Large companies - including Boeing, the US aerospace group - have expressed enthusiasm for the concept of cut-price Network Computers (NCs), Mr Larry Ellison, chairman and chief executive of Oracle, the world's second largest software company, claimed yesterday.

Mr Ellison told the European Oracle User Group in Amsterdam that Boeing had expressed an interest in buying 100,000 NCs. Other potential markets for the simple-to-use computing devices - seen as a challenge to Microsoft's and Intel's domination of the PC market - included schools and home PC users, he said.

Mr Ellison, who five months ago launched his "vision" of a Network Computer - a \$500 open systems machine that, when linked to the Internet or a corporate network, could substitute for a much more expensive multimedia PC - said licensing agreements covering manufacture of the first NCs would be announced in mid-May.

Mr Ellison said "several manufacturers have already signed up" to build and distribute the machines. He sees NCs as a low-cost alternative rather than a replacement for standard desktop PCs, which he described as "enormously complex devices" based on 20-year old technology.

The machines Oracle demonstrated yesterday also include S.M.B. of random access memory, a personal smart-card containing details about the user including their network "identity", and flash memory or perhaps a small hard disk drive for local storage.

Except for the NC Slate machine, which will have an 8-inch mono display, the machines are designed to work with a standard television or a computer monitor.

Mr Ellison confirmed that two versions of the NC would be launched this year: one based on Advanced Rise Machine's chip, which should appear in September, and other models based on Intel chips, which he said should be available "before the year-end".

He said the biggest hurdle facing the NC concept was the danger that someone would try to develop a proprietary design.

Mr Ellison is fiercely critical of Microsoft, which he says has been able to dominate the PC industry because of its proprietary technology.

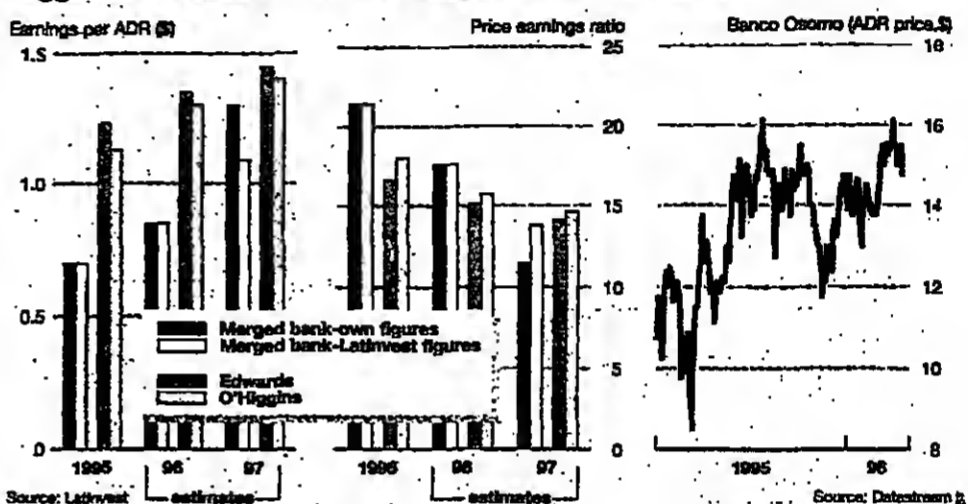
He repeated his view that the market for NCs was "enormous" and would overtake that for PCs "by the end of the decade". PC sales, currently about \$5m a year, are expected to top 100m by 2000.

Warm Chile welcome for big banks

Banco Osorno merger with Santander is latest step in consolidation

Little more than a decade ago, virtually the entire Chilean banking system was technically insolvent. Yet last week Grupo Santander, Spain's biggest banking group, announced it was spending \$481m to merge its Chilean banking operation with Banco Osorno and create Chile's biggest financial institution, with \$7.9bn worth of assets.

Bigger and better? How the merged bank compares



According to Mr Mauricio Larraín, vice-president of Santander's Latin American division and of the board of the Chilean operations, the deal is an indication of the country's prospects for growth.

"In this economy, which is growing by a steady 6 per cent to 6.5 per cent a year, we expect our business to expand by 10 per cent to 15 per cent annually," he says.

After the crash, however, the authorities put in place a new regulatory framework, and today the level and quality of supervision is recognised as the best in Latin America, according to Mr Herman Somerville, president of the Chilean banking association.

"We learned the lesson in the 1980s, and now we have a good combination of public regulation and industry self-regulation, a developed system of risk classification, proper auditing, reliable reporting disclosures. This is very important for Chilean banks when they need to raise new capital, on Wall Street or elsewhere," he says.

Osorno merger as "very, very positive for the capital markets in Chile. We need big banks to deal with the financial needs of this country, as well as being able to go out into the rest of Latin America".

Indeed, the superintendency is keen to see fewer, stronger banks. Chile has 31 private banks, but the top half-dozen account for half of all loans.

The deal follows the merger, announced last September, between Banco Santiago, currently the second largest commercial bank, and Banco O'Higgins, the number three. The Luksic group, controlling shareholder of both banks, is currently negotiating with the Central Bank on the size of write-down needed to clear the Banco Santiago's \$1bn subordinated debt to the central bank, the legacy of a state bail-out in 1983.

Such moves are a change from the early 1980s, when over-enthusiastic deregulation and under-supervision, combined with the 1983 foreign debt crisis, prompted a banking crisis.

Banco de Chile, Banco Santander and a handful of smaller banks had to be taken into state management, others were liquidated, and the state pumped in billions of dollars in emergency loans to keep the system afloat.

Mr Larraín says they are not interested in size per se, but that "to be profitable, you need economies of scale to be efficient, and that implies market share of 10 per cent and above".

If and when the two planned mergers go ahead, Banco de Chile, which has always been used to being by far the biggest bank, will find itself in an unaccustomed third place.

Like Banco Santiago, it is handicapped by a \$1bn debt to the central bank, and until it can reach agreement on a new repayment schedule or a partial write-off, it will be hard for it to find new partners or increase its capital base to match the new competitors.

Banco Osorno has a solid base of medium and small business customers, which neatly complements the current Santander operations.

He sees the Santander-Osorno merger as "very, very positive for the capital markets in Chile. We need big banks to deal with the financial needs of this country, as well as being able to go out into the rest of Latin America".

Banco Osorno has a solid base of medium and small business customers, which neatly complements the current Santander operations.

Table of Consolidated Balance Sheet (US\$ million) for 31 Dec 95 and 31 Dec 94. Assets include Liquid funds, Marketable securities, etc. Liabilities include Deposits from customers, etc.

ABO CONSOLIDATED BALANCE SHEET (At 31 December 1995). Logo for ABO.

Table of Consolidated Income Statement (US\$ million) for the year ended 31 December 1995. Includes Net Interest Income, Operating Expenses, etc.

Table of Income from Operations (US\$ million) for 1995 and 1994. Includes Net Interest Income, Other operating income, etc.

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Inland Steel advertisement on the right edge of the page.

COMPANIES AND FINANCE: THE AMERICAS

Inland Steel and LTV hit by lower prices in US

By Richard Waters in New York
The slump in US steel prices during the second half of 1995 dented the profits of two of the country's biggest integrated manufacturers, LTV and Inland Steel, in the opening months of this year.

the price increases announced in recent months, pointing to a rebound in earnings for the US steel industry later in the year.
The two companies lifted their production volumes compared with the opening months of 1995. LTV said yesterday it had shipped 1 per cent more steel, or nearly 2m tons.

in shipments, to 1.2m tons.
However, the lower selling prices led to a dip in revenues at both companies. LTV's sales dipped 8 per cent, to \$93m, while revenues at the core steelmaking subsidiary of Inland Steel fell 9 per cent, to \$616m.

US steelmakers due to issue results in the coming days. LTV's net income fell from \$51.2m, or 46 cents a share, a year before to \$13.2m, or 12 cents.

profit of \$21.2m a year before. Overall, Inland Steel reported after-tax profits of \$17.2m, or 31 cents a share, down from \$44m, or 84 cents.

enabled the company to announce two price increases so far this year. LTV, which emerged from a long bankruptcy three years ago, announced its first quarterly dividend since 1984, at 12 cents a share - an indication of its stronger financial base.

Record opening quarter for US securities houses

By Maggie Urry in New York
High levels of activity in financial markets have led to record first-quarter profits for three Wall Street securities houses.

sharply, as salaries are linked to higher revenues, but all three saw compensation fall as a percentage of net revenues.

Figures from Merrill Lynch, PaineWebber and Smith Barney all showed sharply higher earnings, continuing the trend seen last month from Goldman Sachs, Morgan Stanley and Lehman Brothers, whose first quarters all ended in February.

Mr Michael Marks, the SNC chairman who is now deputy chairman of Merrill Lynch International, said the international equity business now generated half the group's equity revenues compared with a quarter in 1994.

Following the purchase of SNC and of FG in Spain, he said Merrill was now considering whether to buy or build its business in other countries such as France and Germany. Mr Marks denied suggestions there had been a "culture clash" between Merrill and SNC, and said that 80 per cent of job losses had been in the settlements and back office area. He said the group had lost fewer front office staff in the first quarter than in the same period of 1995. The merger had enabled the group to win business that neither Merrill nor SNC would have secured independently, he said.

Both Merrill and PaineWebber beat analysts' earnings forecasts by a wide margin. The median estimate for Merrill had been \$1.53 and for PaineWebber, 74 cents. In early trading Merrill's share price rose 3% to \$58, and PaineWebber was up by 3% to \$30. Traveler's shares also rose, by 7% to \$61, largely because of the lifted income. In each case compensation costs rose

Strategic planning keeps PDVSA on the right track

The Venezuelan state oil company plans to double output in the next decade, reports Ray Colitt

When PDVSA, Venezuela's state oil company, announced record profits of \$2.9bn for 1995, some said it was largely due to external factors such as higher oil prices. But Mr Ronald Panin, head of PDVSA's strategic planning, says the fact that profits have grown by an average of 34 per cent over the past three years "tells us that we're on the right track".

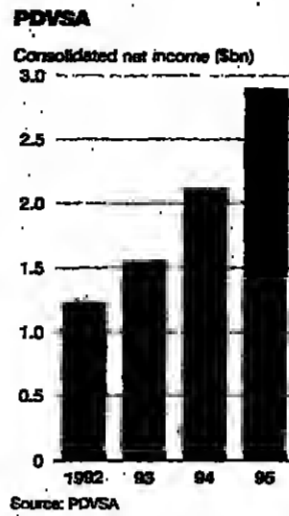
includes oil and gas reserves as well as sales. But the company, which accounts for 50 per cent of government revenues and 25 per cent of the country's GDP, aims to double output in less than a decade from 2.5m b/d in 1994. Petrochemicals production is also to be doubled from its current level of 5m tons over the next decade.

oil exploration and production rights since its nationalisation in 1974. According to Mr Steve McAlister, US director of petroleum services with Price Waterhouse in Caracas, these associations "bring secure access to world markets, and provide capital and technology". Of PDVSA's \$55bn investment plan over the next 10 years, more than 40 per cent is to come from private investors.

Mr Urdaneta points out that last year for the first time since 1975 PDVSA paid dividends to its only shareholder - the state. PDVSA's fiscal contributions, according to estimates from the planning ministry, are to rise from 7 per cent to 11 per cent of GDP.

Yet he rejects fears that PDVSA may turn into a cash cow to finance the government's budget deficits. "The system of paying dividends, from the company's point of view, is much more sound than it used to be, when [the government] imposed other levies on our income."

take charge of domestic sales, is any indication, market-oriented reform may soon be under way on domestic sales. "Deltaven will allow PDVSA to rationalise its costs in the domestic market," says Mr Luis Giusti, president of PDVSA.



Source: PDVSA

Apple executive to head AT&T Labs

By Alan Cane
The problems of Apple, the US personal computer manufacturer, deepened yesterday with the departure of Mr David Nagel, senior vice-president and head of worldwide research and development since last year.

between humans and computer systems. Educated at the University of California in Los Angeles, he studied mathematics and perceptual psychology. Before working for Apple, where he was a member of the group's six-member executive management team, he had been involved in human factors research at NASA's Ames Research Center.

Smith Barney gives boost to Travelers

By Richard Waters
The jump in earnings at Smith Barney helped boost the operating profits of its parent, Travelers, by 41 per cent during the first quarter of this year.



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The Financial Times plans to publish a Survey on Uruguay on Friday, May 24. The survey will look at the country's economy, Mercosur, pensions reform, banking, politics and more.

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COMPANIES AND FINANCE: UK

Hardy Oil rises on £118m US asset sale

By Patrick Harverson

Hardy Oil & Gas, the independent exploration and production company, yesterday announced the sale of its US interests for £118m (\$178m) as part of a strategic refocusing on its development activities.

The proceeds will be used to acquire new assets, fund the development of Hardy's existing interests and reduce borrowings to zero. Gearing had stood at 50 per cent.

However, the company will write off £7.7m to cover costs and taxes relating to the disposal.

Mr John Walsley, chief executive, said negotiations were under way with several parties and he hoped an acquisition would be announced within two to three months.

He would not specify where Hardy would make the purchase but it focuses on the North Sea, Australia and Pakistan, and is keen to move

into a fourth area. However, any assets the company acquired would not match the size of US interests it is selling.

Hardy has sold its Hardy USA operation, with its proved reserves of 21.7m barrels of oil equivalent and another 6.8m boe of probable reserves, to Enron Capital and Trade Resources, a subsidiary of the US energy group Enron. Another 2.6m boe of proved reserves were sold to the same buyer via a third party.

Hardy is retaining some exposure to the Gulf of Mexico operations through a three-year option to take a 25 per cent stake in deep water oil and gas opportunities.

The disposal follows Hardy's decision to shift its attention from more mature assets to existing and new opportunities. The shift is part of a restructuring launched by Mr Walsley on his appointment as chief executive last year.

Since his arrival he has sold

Canadian assets and interests in two North Sea fields, and planned a withdrawal from non-core areas in the Netherlands, north Africa and Namibia. At the same time, Hardy has been developing the Elgin/Franklin and Banff fields in the North Sea, the Miano field in Pakistan and appraising the newly-discovered Bayu field in the Timor Sea.

Hardy, which will report its annual results in June, said its oil and gas production in the second half was estimated to have risen 68 per cent to 21,300 boe per day. The rise was primarily due to the start of production from the Birch field in the North Sea and higher gas production in the UK and US.

The shares rose 12p to 262p. One analyst said: "Most analysts would have carried a valuation of £80m-£90m on the US assets, so the £118m they realised is a good price. And it's consistent with their strategy. All in all it's a sensible deal."

B&W investors to get modest payout

By Alison Smith, Investment Correspondent

More than a quarter of Bristol & West's LHM qualifying savers and borrowers could receive only a basic distribution of £250 each in shares when the building society is bought by Bank of Ireland for £500m next year.

The deal, announced yesterday, is considerably less generous than that offered last summer by Abbey National, the home loans and banking group, for National & Provincial Building Society.

B&W investors of more than

two years' standing will also receive a lower amount than their N&P equivalents. They are in line for a cash distribution worth at least £500 together with a variable sum related to the balances in their accounts.

The less generous terms reflect the fact that on a comparable basis, Bank of Ireland is paying considerably less for B&W than Abbey is paying for N&P.

Although B&W has reported sharply improved results over the past couple of years, these followed difficulties in the early 1990s when its former

chief executive, Mr Tony Fitzsimons, led it into what industry observers say was over-expansionist lending, and high spending.

The £600m Bank of Ireland is paying 1.67 times the society's net asset value, and 11.8 times 1995 earnings. The comparable figures for N&P were 1.84 times and 15.8 times.

Mr Burke said the benefits for B&W would come in lower-cost wholesale funding and a solid foundation for future growth.

The society's management and branch structure - it has 159 branches focused in the

south and west of England - would be largely unchanged. The organisation would retain its own brand, and no job losses were expected.

Mr Pat Molloy, Bank of Ireland chief executive, said that putting B&W with the bank's UK mortgage subsidiary, which has £2.8bn in mortgage assets, would give it access to a retail deposit base, offered scope for some cost savings, and would transform its scale in the UK mortgage market. B&W has total assets of more than £8.6bn.

Standard & Poor's, the credit rating agency, put its Bank of

Ireland ratings on creditwatch. Despite this, Bank of Ireland shares closed 19p higher at 458p.

Bank of Ireland will finance the cash element of the price - estimated at about £500m - from its existing resources. Holders of B&W's 182,000 mortgages, and investors of less than two years' standing - who seem to number about 140,000 - are banned in law from receiving cash as a result of the deal, and will receive preference shares in B&W plc.

If approved, the deal would take effect in summer next year.

Notice of

Annual General Meeting of Skandia

Shareholders of SKANDIA INSURANCE COMPANY LTD (publ) are hereby summoned to the Annual General Meeting on Monday, May 13, 1996, at 4 p.m. (Swedish time). Location: Stockholm Concert Hall, the Great Hall, Hötorget, Stockholm, Sweden.

NOTIFICATION OF ATTENDANCE, ETC.

Shareholders intending to attend the Annual General Meeting, must

- be recorded as shareholders in the Shareholders' Register issued by the Swedish Securities Register Centre (Värdepapperscentralen VPC AB) as at Friday, May 3, 1996,
- and
- notify the Company of their intention to attend the Meeting not later than 4 p.m. (Swedish time) on Wednesday, May 8, 1996.

Notification of intent to attend the Meeting should be made in writing to Skandia, "AGM", S-103 50 STOCKHOLM, Sweden, by fax Int +46-8-788 16 80, or by tel. Int +46-8-788 32 62. Please note that if participating by proxy, power of attorney must be sent in original and that it is not possible to send it by fax.

Shareholders whose shares are held in trust by a bank or private broker must temporarily register their shares in their own names in the Shareholders' Register to be able to attend the Annual General Meeting. Such registration must be completed not later than Friday, May 3, 1996.

AGENDA AND PROPOSED DECISIONS

- Opening of the Meeting and election of a chairman to preside over the Meeting
Board recommendation: Mr Johan Gernandt, Attorney, Gernandt & Danielsson Advokatbyrå
- Election of a secretary to record the Minutes of the Meeting
Board recommendation: Mr Jan-Mikael Bezhed, General Counsel, Skandia
- Address by Mr Björn Wolrath, President and CEO, Skandia
- Verification of the voting list
- Election of a person to check and sign the Minutes together with the Chairman
- Decision as to whether the Meeting has been properly called
- Presentation of the Annual Accounts and the Consolidated Accounts for 1995
- Presentation of the Auditors' Report and the Consolidated Auditors' Report for 1995
- Presentation of the Income Statement and Balance Sheet, and the Consolidated Income Statement and Consolidated Balance Sheet for 1995
- Decision on appropriation of the Company's profit in accordance with the adopted balance sheet, and determination of the record date for payment of a dividend
Board recommendation: Of the amount available for distribution by the Annual General Meeting, MSEK 1,942 (the balance of MSEK 435 brought forward from 1994 and the year's profit of MSEK 1,507), the Board of Directors recommends that a dividend of SEK 2 per share be paid, totalling MSEK 205, and that MSEK 1,737 be carried forward. The record date shall be May 17, 1996
- Decision as to whether to discharge the Directors and the President from liability for their administration during the 1995 financial year
Recommendation: The Company's auditors recommend that they be so discharged
- Decision on Directors' fees
Nominating Committee Recommendation:

• Chairman SEK 330,000	(currently SEK 300,000)
• Vice Chairman SEK 220,000	(currently SEK 175,000)
• Directors SEK 125,000	(currently SEK 110,000)
• Alternates SEK 12,000	(unchanged) plus SEK 5,000 for each meeting attended (unchanged)

- Election of auditors
Nominating Committee Recommendation: Re-election of Mr Bo Magnusson, authorized public accountant (Deloitte & Touche) and election of Mr Lilj Spång, authorized public accountant (Ernst & Young)
- Election of alternate auditors
Nominating Committee Recommendation: Election of Mr Svante Forsberg, authorized public accountant (Deloitte & Touche) and Mr Olof Cederberg, authorized public accountant (Ernst & Young)
- Decision on expanding the duties of the Nominating Committee
Nominating Committee Recommendation: In addition to recommending the number of and the individuals to be elected as directors, as well as directors' fees, the Nominating Committee shall submit recommendations for auditors and auditors' fees. (This entails a codification of the procedure that has been applied in connection with this year's Annual General Meeting)
- Election of members of the Nominating Committee for the 1997 Annual General Meeting
(According to the decision of the 1995 Annual General Meeting, the Nominating Committee shall consist of six members: three representatives of the major shareholders, one representative of the smaller shareholders, one representative of the policyholders of Skandia Life Insurance Company Ltd, to be appointed by the Stockholm Chamber of Commerce, and the Chairman of the Board)
Recommendation: Re-election of Ms Pirikko Alitalo, Mr Peter Engbladh and Mr Tor Martin as representatives of the major shareholders (nominated by Poljola companies, Handelsbanken Fonder and AMF Pension, respectively) and Mr Kjell Gunnarsson as representative of the smaller shareholders (nominated by the Skandia Shareholders' Association). In addition, Mr Bengt Oldmark, appointed by the Stockholm Chamber of Commerce as representative of the policyholders of Skandia Life Insurance Company Ltd, as well as Skandia's chairman, shall be members of the Nominating Committee up to the 1997 Annual General Meeting
- Proposed changes in the Company's Articles of Association
Board Recommendation: The Articles of Association shall be changed as follows:
 - That Article 2, section 1, second paragraph, be amended to reflect the listing of insurance classes used in the directions issued by the Swedish Financial Supervisory Authority (FFFS 1994:1) on insurance classes (editorial change)
 - That Article 2, section 1, fifth paragraph be amended to state that the Company may conduct operations both within and outside the European Economic Area (EEA) (editorial change due to changes in the Swedish Insurance Business Act)
 - That Article 2, section 1, sixth paragraph be amended to explicitly state that the object of the Company's operations is also to procure such other financial service company services as have a natural connection with the insurance operations

The complete wording of the recommended changes to the articles of Association will be sent to all shareholders who are directly registered as such with the Swedish Securities Register Centre. They can also be obtained from: Skandia, Corporate Law, S-103 50 STOCKHOLM, Sweden, tel. +46-8-788 32 62, fax +46-8-788 16 80.
- Questions from shareholders
- Adjournment of the Annual General Meeting

DIVIDEND
The Board of Directors recommends that a dividend of SEK 2 per share be paid to the shareholders, and that the record date for payment of dividends shall be May 17, 1996. If this recommendation is adopted, dividends are expected to be distributed from the Swedish Securities Register Centre on May 24, 1996.

OTHER
Pre-Programme at the Annual General Meeting
The Assurance & Financial Services (AFS) operating unit, which is active in international life assurance, especially in unit linked assurance, will be presented by Mr Jan R. Carendi, Executive Vice President, Skandia, at 2 p.m. in the Grünwald room of the Concert Hall.

Information About Skandia Products
Information about various Skandia products will be presented in the foyer before and after the Meeting.

Translation of the Proceedings into English
For the convenience of non-Swedish speaking shareholders, the proceedings of the Annual General Meeting will be simultaneously translated into English.

SWEDISH-SPEAKING SHAREHOLDERS
This summons to attend the Annual General Meeting of Skandia Insurance Company Ltd (publ), to be held on Monday, May 13, 1996, at 4 p.m. at the Stockholm Concert Hall, the Great Hall, Hötorget, Stockholm, can also be obtained in Swedish. Please contact Skandia, Corporate Law, S-103 50 STOCKHOLM, Sweden, tel. +46-8-788 32 62, fax +46-8-788 16 80.

A warm welcome is offered to the shareholders to attend the Annual General Meeting.

Stockholm, Sweden, March 1996

The Board of Directors

Norwich to deter speculators

By Alison Smith, Investment Correspondent

Norwich Union, the mutual composite insurance group, is to seek powers next month to deter speculators in search of a bonus from its impending conversion into a public limited company.

The move will come in a special resolution at the annual meeting on May 10. If approved, it would enable Norwich to withdraw membership rights from the life assurance policies it sells.

This would put the insurer in a similar position to building societies, which have come under pressure from speculative flows of savings when they have been removed to be about to be bought or become public limited companies in their own right.

They have been able to switch from offering investment accounts - which give membership rights to offering only deposit accounts, which do not. This allows them still to operate without continuing to create new members who would expect a bonus on demutualisation.

Norwich announced last October that it was considering flotation, but does not expect to have reached firm conclusions on how this might be done until the autumn.

Mr Allan Bridgewater, chief executive, said the resolution was "purely a piece of prudent contingency planning", and that the board had no immediate plans to close membership.

Lonrho/Gencor link likely to be blocked

By Neil Buckley in Brussels

The European Commission is preparing to block the controversial proposed merger of the platinum operations of Lonrho and South Africa's Gencor after a four-month investigation.

The case may go before the full European Commission meeting next Wednesday for a final decision.

The commission has a deadline of May 7 to announce its ruling. But it is understood the two committees that examine merger proposals, including the commission's Merger Task Force, have concluded the deal would be anti-competitive.

The committees concluded the merger would create a dominant oligopoly in the EU market for platinum group metals, which are important in the manufacture of jewellery, catalytic converters, and oil drilling equipment.

Although Lonrho and Gencor have proposed changes to the deal, the committees could not see any way to change the structure of the merger.

While last-minute attempts to find an acceptable formula are thought to be continuing, their chances of success are rated as low.

"From the beginning there were serious doubts about this deal," one official said.

The proposed merger involved the two companies combining their platinum activities in the South African-based company Impala Platinum Holdings, or Implats, plus an exchange of shares and new issue leaving each side with about 22 per cent of the new company. The remaining shares would be held by the public.

The company would be valued at about £1.5bn. Although the platinum interests are in South Africa, both Lonrho and Gencor have substantial operations in the EU, bringing the deal under the European Commission's jurisdiction.

Pace founders could make £100m on float

The three founders of Pace Micro Technology, one of the largest manufacturers of satellite receivers, seem likely to make about £100m (£152m) between them when the company joins the main market, writes Raymond Snoddy.

About 50 per cent of the Yorkshire-based company is to float. The hoped-for value of the total is more than £200m.

With the help of a technology joint venture with NTL, Pace has been at the forefront of development of digital satellite television receivers.

Pace believes it is now the largest volume manufacturer of satellite receivers in Europe and sells more than 50 products to more than 60 countries.

UK and European Equities travel West

This announcement appears as a matter of record only

DSM

The State of The Netherlands has sold its residual holding in DSM N.V. of 11,305,550 shares, representing 31 per cent. of the outstanding share capital of DSM N.V.

Total proceeds for The State were NLG 1.7 billion.

Private Placement of 7,340,000 Cumulative Preference Shares
(resulting from the conversion of 7,340,000 ordinary shares)

and

Secondary Offering of 3,965,550 Ordinary Shares

ABN AMRO Hoare Govett acted as Arranger of the Private Placement & Global Coordinator as well as Bookrunner of the Secondary Offering

ABN-AMRO HOARE GOVETT

March 1996

Skandia

COMMODITIES AND AGRICULTURE

MARKET REPORT

Talk of Chinese buying lifts US wheat futures

Rumors that China was seeking or had bought US WHEAT sent nearby futures on the Chicago Board of Trade to contract highs yesterday. But much of the rise was wiped out later. In late trading the May contract was quoted at \$5.85 a bushel, up 2.5 cents but 13 cents below the day's peak. Positions further forward were showing modest losses.

Australian High Court to rule on native title claim

Australia's High Court, the country's highest judicial authority, is to consider the native title claim by the Wik people covering large tracts of land in far north Queensland - including part of the Weipa bauxite leases held by RTZ-CRA's Comalco aluminium subsidiary.

Fina treads carefully in Angola's oilfields

Michela Wrong on the rehabilitation of installations devastated by Unita rebels

As the delegation strolls towards the beach the former South African soldier observes calmly: "We are now in the middle of the minefield. ... But you needn't worry, most are anti-tank mines. You're not heavy enough to set them off."



Fina staff view occupation damage at the Soyo installations

Visitors to Soyo tread warily these days. Angola's biggest onshore oilfield, some 320km north of Luanda, was turned into a giant booby trap by the occupying Unita guerrilla movement before it was forced to surrender control to government troops in November 1994.

The damage wreaked was breathtaking in its thoroughness. At the devastated Kifungo terminal, two storage tanks that each held 400,000 barrels of crude have imploded in a fire triggered by well-placed charges.

The impact of Unita's occupation of Soyo as much symbolic as economic. With the vast part of Angola's output of 650,000 barrels a day coming from offshore installations run by Chevron, Texaco and Elf, the loss of Soyo's 25,000 barrels was never going to present the government with a major budgeting problem.

Confidence. "The occupation sent jitters through the industry," says Mr Philippe Remacle, Fina's technical manager. "Investments completely dried up and some companies have only started increasing offshore production now that Fina has returned."

Rebuilding that shattered confidence will not come cheap. Experts put the price of repairing Kwanda, expected to take a year at \$500m. Fina, which lost three years in production, estimates the price of rehabilitation of its onshore installations at another \$50m. It costs \$5,000 to clear a hectare of land of mines.

BSE 'may add 1.8m tonnes to European feedgrain demand'

Europe's meat industry could need up to 1.8m tonnes, or 2 per cent, more grain next year, says a study by the British Agricultural Circles.

llyst Strategie Grains, reports said there would be no impact this season, ending June 30, but a rise in demand next season.

"There are so many variables but we are trying to put down a few markers for next year," said director Mr Andre Paquet-Delafosse.

Beef demand has fallen since Britain reported on March 20 a possible link between BSE and a human brain disorder, stirring forecasts of higher

demand for grain-intensive poultry and pork. Strategie based its forecast on the assumption that 40 per cent each of lost beef sales would be transferred to poultry and pork.

COMMODITIES PRICES

Table with columns for BASE METALS, LONDON METAL EXCHANGE, and various metal prices like Gold, Silver, and Copper.

Table with columns for GRAINS AND OIL SEEDS, WHEAT, SOYBEANS, and other grain prices.

Table with columns for SOFTS, COFFEE, SUGAR, and other commodity prices.

Table with columns for MEAT AND LIVESTOCK, LONDON TRADED OPTIONS, and various livestock prices.

Table with columns for ENERGY, CRUDE OIL, and other energy-related prices.

Table with columns for FUTURE DATA, various futures contracts, and their prices.

Table with columns for INDICES, various stock indices, and their values.

CROSSWORD No. 9,044 Set by GRIFFIN. Includes a crossword puzzle grid and a list of clues.

Handwritten Arabic text: "مكتبة الأصيل"

INTERNATIONAL CAPITAL MARKETS

European prices lose most of early gains

By Antonia Sharpe in London and Lisa Branstetter in New York
European government bond markets opened on a stronger note yesterday morning in response to Friday's advance in the EU...

120 to 121.74 in estimated volume of 92,816 contracts. The yield spread over Germany widened to 14 basis points from 11 points on Friday.

UK gilts initially ignored the release of March producer prices, but on reflection were unsettled by the 0.5 per cent increase in manufacturers' fuel and raw material costs...

Spread convergence remained a dominant theme in Europe's high-yielding government bond markets, spurred on by the Ecu debits held in Italy at the weekend.

Near midday, the benchmark 30-year Treasury was down 1/8 at 8 1/8 to yield 6.814 per cent, while at the short end of the maturity spectrum the two-year note was 1/8 lower at 10 1/8, yielding 5.837 per cent.

Banks tap retail demand for short-term dollar deals

By Corinne Middelmann
Three banks yesterday tapped into retail appetite for short-dated US dollar bonds, which has been whetted by the US dollar's recent strength...

Morgan Guaranty launched \$200m of three-year bonds at a spread of 10 basis points over Treasuries via JP Morgan and Abbey National issued \$200m of three-year bonds...

issuers have taken dollar-backed receivables and swapped them into a European currency, and the second asset-backed security issued in D-Marks.

New French floater set to become benchmark

By Sarner Iskandar
Rarely has a new structured debt instrument seen such success as the French Treasury's new TEC 10 OATs. The total amount issued on the first tranche was FF18bn, well in excess of the FF10bn to FF15bn the market expected.

the TME-linked issue maturing in 2001, which was too expensive and its maturity too short. With most of the amount locked in portfolios, it had also become illiquid.

changes in the level of yields and the shape of the yield curve. The Treasury's decision to issue the first tranche by syndication, as opposed to the traditional auction method...

believes the "TEC 10 is designed to become the real reference for long-term floaters", with the advantage of being "easier to hedge than existing floaters".

look all the more attractive. Bonds with a coupon based on the TEC 10 index are almost immune to changes in the level of the yield curve, but benefit strongly from yield curve steepening.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, Amount, Coupon, Price, Maturity, Fee, Spread, Book-runner. Lists various international bond issues from borrowers like BNP Paribas, Citibank, etc.

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Coupon, Maturity, Price, Day's change, Yield, Week ago, Month ago. Lists benchmark government bonds for Australia, Austria, Belgium, Canada, Denmark, Germany, France, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK, US Treasury.

BLIND FUTURES OPTIONS (LFFE) DM250,000 points of 100%

Table with columns: Strike, Price, May, Jun, Jul, Sep, May, Jun, Jul, Sep. Lists blind futures options for various strikes and maturities.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Price Index, Mon, Day's change, Apr 15, Apr 12, Apr 15, Apr 12, Apr 15, Apr 12. Lists fixed interest indices for various categories like 1-5 years, 5-10 years, etc.

GILT EDGED ACTIVITY INDICES

Table with columns: Apr 12, Apr 15, Apr 12, Apr 15, Apr 12, Apr 15. Lists gilt edged activity indices for various maturities.

US INTEREST RATES

Table with columns: Rate, Bid, Ask, Bid, Ask. Lists US interest rates for various maturities like 90-day, 3-month, 6-month, 1-year, 2-year, 3-year, 5-year.

UK GILTS PRICES

Table with columns: Issue, Yield, Bid, Ask, Bid, Ask. Lists UK gilt prices for various issues like Shorter (30 days to 15 years), Medium (15 years to 30 years), Longer (30 years to 50 years).

FT/ASIA INTERNATIONAL BOND SERVICE

Table with columns: Issued, Bid, Offer, Ctg, Yield, Issued, Bid, Offer, Ctg, Yield. Lists international bond service data for various countries like Australia, Canada, Denmark, France, Germany, Italy, Japan, Korea, etc.

CONVERTIBLE BONDS

Table with columns: Issued, Call, Bid, Offer, Prem. Lists convertible bonds for various issuers like Citibank, Deutsche Bank, etc.

BONDS AND OPTIONS

Table with columns: France, National French Bond Futures (MATIF) FF150,000, Open, Settle, Change, High, Low, Est. vol, Open Int.

EURO BOND FUTURES (MATIF) ECU100,000

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists Euro bond futures data.

US TREASURY BOND FUTURES (CBT) \$100,000

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists US Treasury bond futures data.

OTHER FIXED INTEREST

Table with columns: Issue, Yield, Bid, Ask, Bid, Ask. Lists other fixed interest instruments.

GERMANY NATIONAL GERMAN BOND FUTURES (LFFE) DM250,000

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists German national bond futures data.

JAPAN NATIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LFFE) Y100m

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists Japanese national long term bond futures data.

PROSPECTIVE REAL INTEREST RATE ON PROJECTED INFLATION OF 10%

Table with columns: Issue, Yield, Bid, Ask, Bid, Ask. Lists prospective real interest rates.

DEUTSCHE MARK STRAIGHTS

Table with columns: Issue, Yield, Bid, Ask, Bid, Ask. Lists Deutsche Mark straight bonds.

FRANCE NATIONAL FRENCH BOND FUTURES (MATIF) FF150,000

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists French national bond futures data.

EURO BOND FUTURES (MATIF) ECU100,000

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists Euro bond futures data.

US TREASURY BOND FUTURES (CBT) \$100,000

Table with columns: Open, Settle, Change, High, Low, Est. vol, Open Int. Lists US Treasury bond futures data.

OTHER FIXED INTEREST

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GERMANY NATIONAL GERMAN BOND FUTURES (LFFE) DM250,000

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Dollar at 14

سكوات الاموال

CURRENCIES AND MONEY

MARKETS REPORT

Dollar at 14 month high as D-Mark weakens

By Philip Gawth

It was a day of records rather than volume yesterday with the dollar and D-Mark moving in opposite directions, but activity remaining fairly modest.

The dollar reached a 14 month high against the D-Mark of DM15.04, while the D-Mark fell to a 15 month low against the Italian lira, a 16 month low against the Spanish peseta and a 26 month low against the French franc.

The dollar finished in London at DM15.04, from DM15.007 on Friday. Against the yen it closed at Y108.876, from Y108.676.

Although the D-Mark rallied slightly in the European afternoon, it was not enough to offset the gains against the dollar. The D-Mark's recovery was limited by comments from Mr. Hans Eichel, the Bundesbank president, that he saw room for further easing of the exchange rate. After touching L1,038.6 against the lira, it closed at L1,041. Against the franc it

reached FF3,391, before finishing at FF3,394.

Sterling had a very steady day with the trade-weighted index unchanged throughout the day. Gains against the D-Mark were offset with losses against the dollar. It finished at DM2.2773, from DM2.2725, and at \$1.5078, from \$1.5133.

The South African rand was in trouble again, slipping to a low of R4.22 against the dollar, before recovering to R4.25, from R4.1426 on Friday.

The main message for the market from the ECU meeting in Verona was that plans for a monetary union in Europe remain on course. Speculation that countries like Italy and Sweden might come under pressure to join the ERM

was limited by comments from Mr. Hans Eichel, the Bundesbank president, that he saw room for further easing of the exchange rate. After touching L1,038.6 against the lira, it closed at L1,041. Against the franc it

prompted further appreciation of these currencies.

In the case of Sweden, the announcement yesterday of a SK22bn fiscal stringency package may turn out to be an argument for currency weakness, given the dampening effect it is likely to have on domestic economic activity. "It supplies a need for a reasonably weak currency going forward (to boost exports)," said Mr. Brian Martin, economist at Barclays Bank in London.

Away from Europe, there is a fair amount of caution about the outlook for the dollar. Mr. John Lipsky, chief economist at Salomon Brothers in New York, put the recent rally into context, noting that according to the Fed's 10-country trade-weighted index, the dollar has firmed by only 2.5 per cent over the first quarter of the year. Against a broader 101-country index, it is barely weaker than where it was at the beginning of 1994.

Mr. Chris Turner, currency strategist at BZW in London, points out that the Bundesbank has been "very successful in managing the gradual depreciation of the D-Mark without cutting rates that strongly."

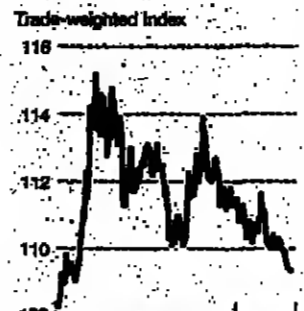
For this reason, he is cautious about the outlook for a cut in interest rates this week. "It would be better to hold out the hope without actually cutting

them," he says.

From a currency angle, the danger of a cut is that it will cause markets to say that with the discount rate at a historic low, the next move in rates must be up, hence buy the D-Mark.

Mr. Martin said that the backdrop to the dollar remained constructive, but he was "not so sure this is going to be the big break up in the dollar." With the dollar at Y108.5, he said: "I don't see how the US is going to be sanctioning a significantly weaker yen."

Mr. Turner agreed that it was "very hard to see the G-7 coming up with a very strong statement in favour of the dollar (at its Washington meeting this week)." He pointed out that since reaching a low of Y78.75 against the yen exactly a year ago, the dollar had rallied by 27 per cent, the largest 52-week rally since the Plaza Accord in 1985 when central banks agreed to devalue the



Source: FT Data

"I can't see the same upward momentum (in the dollar) continuing," he said.

The latest fall in the Rand appeared to be the product of a familiar mixture: uncertainty about the removal of exchange controls, and political nervousness this time centred around threats from Mr. Mangosuthu Buthezi, the Inkatha leader, to withdraw from the government of national unity.

Mr. Trevor Manuel, the new finance minister, restated the government's commitment to the gradual removal of exchange controls, and preventing excessive fluctuations in the real exchange rate.

Mr. Turner agreed that it was "very hard to see the G-7 coming up with a very strong statement in favour of the dollar (at its Washington meeting this week)." He pointed out that since reaching a low of Y78.75 against the yen exactly a year ago, the dollar had rallied by 27 per cent, the largest 52-week rally since the Plaza Accord in 1985 when central banks agreed to devalue the

WORLD INTEREST RATES

Table of World Interest Rates for April 15, 1996. Columns include Country, Term, Rate, and other financial indicators for various nations like Belgium, France, Germany, etc.

EURO CURRENCY INTEREST RATES

Table of Euro Currency Interest Rates for April 15, 1996. Columns include Currency, Term, Rate, and other indicators for currencies like Belgian Franc, Dutch Guilder, etc.

POUND SPOT FORWARD AGAINST THE POUND

Table of Pound Spot Forward rates against the pound for April 15, 1996. Columns include Country, Rate, and other financial data for various countries like Australia, Belgium, Canada, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table of Dollar Spot Forward rates against the dollar for April 15, 1996. Columns include Country, Rate, and other financial data for various countries like Australia, Belgium, Canada, etc.

CROSS RATES AND DERIVATIVES

Table of Cross Rates and Derivatives for April 15, 1996. Columns include Currency, Rate, and other financial data for various currencies like Australian Dollar, Canadian Dollar, etc.

EXCHANGE CROSS RATES

Table of Exchange Cross Rates for April 15, 1996. Columns include Currency, Rate, and other financial data for various currencies like Australian Dollar, Canadian Dollar, etc.

UK INTEREST RATES

Table of UK Interest Rates for April 15, 1996. Columns include Term, Rate, and other financial data for various terms like 3 months, 6 months, etc.

BASE LENDING RATES

Table of Base Lending Rates for April 15, 1996. Columns include Bank, Rate, and other financial data for various banks like Bank of England, etc.

THREE MONTH EURO DOLLAR FUTURES

Table of Three Month Euro Dollar Futures for April 15, 1996. Columns include Date, Price, Change, and other financial data for various dates like Jun, Sep, Dec.

THREE MONTH EURO DOLLAR FUTURES

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THE REPUBLIC OF CAMEROON

Peace-Work-Fatherland

MINISTRY OF ECONOMY AND FINANCE

THE MISSION FOR THE REHABILITATION OF PUBLIC AND PARAPUBLIC ENTERPRISES

NOTICE OF THE GRANTING OF A CONCESSION FOR THE RAILWAYS OF CAMEROON

The Government of Cameroon, as part of its restructuring and privatisation program for public and parapublic enterprises, announces the commencement of the consultation procedure for the selection of a reference shareholder company for a private concessionaire company.

The granting of the concession for the railways of Cameroon results from the Presidential Decree No 94/125 dated 14 July 1994. This decree includes Régie nationale des chemins de fer du Cameroun in the privatisation process in accordance with the dispositions of Decree No 90/1257 dated 30 August 1990 and applies to Ordinance No 90/004 dated 22 June 1990 pertaining to the privatisation of public and parapublic enterprises.

The public enterprise Régie nationale des chemins de fer du Cameroun ("REGIFERCAM") is the current railway transport provider in Cameroon. As of December 1995, REGIFERCAM employed 3 666 people and managed 1 110 km of railway track. In 1994/1995 REGIFERCAM recorded revenues of F CFA 26 billion and profits reached F CFA 1 289 million.

The objective of this consultation procedure is the selection of a reference shareholder company which will obtain, at a minimum, 51% of the capital of the concessionaire company (Shares A). The reference shareholder company may be comprised of a consortium of separate companies and will be required to demonstrate its technical, commercial and financial competence in order to adequately operate the national railway network. In addition, the reference shareholder company will be required to display direct knowledge of and experience in Cameroon or another comparable country. At least 34% of the shares of the reference shareholder company must be held by physical persons of Cameroon nationality and / or companies registered under Cameroon law. The participation of railway materials suppliers or railway construction companies in the reference shareholder company is prohibited.

The remaining shares of the concessionaire company (all shares other than those for the reference shareholder company) will be subscribed by individuals or legal entities of Cameroon nationality (Shares B).

In order to obtain a pre-selection information memorandum, interested investors are requested to submit, before May 20, 1996 in written form, their expressions of interest to one of the below indicated addresses and to pay the amount of F CFA 100,000, representing the costs of the information memorandum. The pre-selection information memorandum includes descriptions of the concession, REGIFERCAM, the consultation procedure and other general information on Cameroon and its transport sector.

Potential investors interested in obtaining the preselection information memorandum may contact as of April 16, 1996 the Technical Commission for the Mission for the Rehabilitation of Public and Parapublic Enterprises (the Steering Committee for the Restructuring of the National Railway Network in Cameroon) at the following address: IMMEUBLE S.N.I., 9e étage, porte 902, Yaoundé CAMEROON or Coopers & Lybrand Consultants, who have been appointed the exclusive advisers to the Government of Cameroon for this consultation procedure, at one of the following addresses:

Coopers & Lybrand Consultants Attention: Mr. Marcel Sarmet 32, rue Guersant 75017 Paris

Coopers & Lybrand Afrique Centrale Attention: Mr. Charles Kooh 96, rue Flatters B.P. 1227 Douala

France Tel: (33) 1 4572 8400 Fax: (33) 1 4572 8401

Official requests for pre-selection in either French or English, must be delivered to the Technical Commission before 10:00 a.m. (local time) on 31 May 1996.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector, including names like Allied Domecq and their respective share prices.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector, including names like Bank of Scotland and their share prices.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector, including names like Abbey National and their share prices.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector, including names like Carlsberg and their share prices.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector, including names like Bovis Lend Lease and their share prices.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector, including names like Bunnings and their share prices.

CHEMICALS

Table listing companies in the Chemicals sector, including names like ICI and their share prices.

DISTRIBUTORS

Table listing companies in the Distributors sector, including names like Asda and their share prices.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector, including names like Anglo American and their share prices.

ELECTRICITY

Table listing companies in the Electricity sector, including names like British Energy and their share prices.

ENGINEERING & ELECTRICAL EQPT

Table listing companies in the Engineering & Electrical EQPT sector, including names like Balfour Beatty and their share prices.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector, including names like Bentley and their share prices.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector, including names like Anglo American and their share prices.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of the Electronic & Electrical EQPT sector table.

ENGINEERING

Table listing companies in the Engineering sector, including names like Balfour Beatty and their share prices.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

ENGINEERING - Cont.

Continuation of the Engineering sector table.

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Continuation of the Extractive Industries sector table.

ENGINEERING - Cont.

Continuation of the Engineering sector table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

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Continuation of the Extractive Industries sector table.

ENGINEERING

Table listing companies in the Engineering sector, including names like Balfour Beatty and their share prices.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

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Continuation of the Engineering sector table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

ENGINEERING - Cont.

Continuation of the Engineering sector table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of the Extractive Industries sector table.

HEALTH CARE - Cont.

Continuation of the Health Care sector table.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector, including names like Asda and their share prices.

INSURANCE

Table listing companies in the Insurance sector, including names like Aviva and their share prices.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector, including names like Fidelity and their share prices.

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INVESTMENT TRUSTS - Cont.

Continuation of the Investment Trusts sector table.

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Advertisement for FT Annual Reports featuring a club symbol and contact information: Telephone 0181-770 0770.

Handwritten Arabic text: سوق من الاجل

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for name, price, and change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for name, price, and change.

OTHER FINANCIAL - Cont.

Table listing other financial services companies with columns for name, price, and change.

PROPERTY - Cont.

Table listing property companies with columns for name, price, and change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for name, price, and change.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) with columns for name, price, and change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and change.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies with columns for name, price, and change.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for name, price, and change.

TOBACCO

Table listing tobacco companies with columns for name, price, and change.

TRANSPORT

Table listing transport companies with columns for name, price, and change.

WATER

Table listing water companies with columns for name, price, and change.

SUPPORT SERVICES

Table listing support services companies with columns for name, price, and change.

AIM

Table listing companies on the Alternative Investment Market (AIM) with columns for name, price, and change.

AMAZING OFFER! WE'LL PAY YOUR STAFF. CMG Creating shared success.

Large table containing various market data, including American and Canadian stock prices, and a guide to the London Share Service.

Table containing additional market data, including South African stock prices and a detailed guide to the London Share Service.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and change.

OTHER FINANCIAL

Table listing other financial services companies with columns for name, price, and change.

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Table listing transport companies with columns for name, price, and change.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds including Fidelity Currency Funds Ltd, Fidelity Funds (Bermuda) Ltd, and others with columns for Name, Price, and % Change.

BERMUDA (REGULATED)**

Table listing Bermuda (Regulated) funds including Bermuda Int'l Invest Mgmt Ltd, Bermuda Int'l Invest Mgmt Ltd, and others with columns for Name, Price, and % Change.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds including AIR Investment Managers (Guernsey) Ltd, AIR Investment Managers (Guernsey) Ltd, and others with columns for Name, Price, and % Change.

IRELAND (SIB RECOGNISED)

Table listing Ireland (SIB Recognised) funds including AIR Fund Management Ltd, AIR Fund Management Ltd, and others with columns for Name, Price, and % Change.

IRELAND (REGULATED)**

Table listing Ireland (Regulated) funds including AIR Fund Management Ltd, AIR Fund Management Ltd, and others with columns for Name, Price, and % Change.

GUERNSEY (REGULATED)**

Table listing Guernsey (Regulated) funds including ANZ Mgmt Co (Guernsey) Ltd, ANZ Mgmt Co (Guernsey) Ltd, and others with columns for Name, Price, and % Change.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds including AIR Investment Managers (Guernsey) Ltd, AIR Investment Managers (Guernsey) Ltd, and others with columns for Name, Price, and % Change.

IRELAND (SIB RECOGNISED)

Table listing Ireland (SIB Recognised) funds including AIR Fund Management Ltd, AIR Fund Management Ltd, and others with columns for Name, Price, and % Change.

IRELAND (REGULATED)**

Table listing Ireland (Regulated) funds including AIR Fund Management Ltd, AIR Fund Management Ltd, and others with columns for Name, Price, and % Change.

LIST ASSET MANAGEMENT LTD

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LIST ASSET MANAGEMENT LTD

Table listing List Asset Management Ltd funds including List Asset Management Ltd, List Asset Management Ltd, and others with columns for Name, Price, and % Change.

DEFERRED EUROPE FUND MGRS IRELAND LTD - CONT.

Table listing Deferred Europe Fund Mgrs Ireland Ltd - Cont. funds including Deferred Europe Fund Mgrs Ireland Ltd, Deferred Europe Fund Mgrs Ireland Ltd, and others with columns for Name, Price, and % Change.

DEFERRED EUROPE FUND MGRS IRELAND LTD - CONT.

Table listing Deferred Europe Fund Mgrs Ireland Ltd - Cont. funds including Deferred Europe Fund Mgrs Ireland Ltd, Deferred Europe Fund Mgrs Ireland Ltd, and others with columns for Name, Price, and % Change.

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Table listing Deferred Europe Fund Mgrs Ireland Ltd - Cont. funds including Deferred Europe Fund Mgrs Ireland Ltd, Deferred Europe Fund Mgrs Ireland Ltd, and others with columns for Name, Price, and % Change.

MERUARY FUND MANAGERS (SIB RECOGNISED)

Table listing Meruary Fund Managers (SIB Recognised) funds including Meruary Fund Managers (SIB Recognised) Ltd, Meruary Fund Managers (SIB Recognised) Ltd, and others with columns for Name, Price, and % Change.

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ISLE OF MAN (REGULATED)**

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Table listing Isle of Man (Regulated) funds including Isle of Man (Regulated) Ltd, Isle of Man (Regulated) Ltd, and others with columns for Name, Price, and % Change.

INVESTCO INTERNATIONAL LIMITED - CONT.

Table listing Investco International Limited - Cont. funds including Investco International Limited, Investco International Limited, and others with columns for Name, Price, and % Change.

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Table listing Investco International Limited - Cont. funds including Investco International Limited, Investco International Limited, and others with columns for Name, Price, and % Change.

S-E-BANKING LUXEMBOURG SA - CONT.

Table listing S-E-Banking Luxembourg SA - Cont. funds including S-E-Banking Luxembourg SA, S-E-Banking Luxembourg SA, and others with columns for Name, Price, and % Change.

S-E-BANKING LUXEMBOURG SA - CONT.

Table listing S-E-Banking Luxembourg SA - Cont. funds including S-E-Banking Luxembourg SA, S-E-Banking Luxembourg SA, and others with columns for Name, Price, and % Change.

S-E-BANKING LUXEMBOURG SA - CONT.

Table listing S-E-Banking Luxembourg SA - Cont. funds including S-E-Banking Luxembourg SA, S-E-Banking Luxembourg SA, and others with columns for Name, Price, and % Change.

S-E-BANKING LUXEMBOURG SA - CONT.

Table listing S-E-Banking Luxembourg SA - Cont. funds including S-E-Banking Luxembourg SA, S-E-Banking Luxembourg SA, and others with columns for Name, Price, and % Change.

Handwritten text in Arabic script: "صكنا من الاموال"

FT MANAGED FUNDS SERVICE

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Main table containing various fund categories: Global Funds, FT Cityline Unit Trusts, FT Cityline International Funds, FT Cityline UK Funds, FT Cityline US Funds, FT Cityline European Funds, FT Cityline Asian Funds, FT Cityline Australian Funds, FT Cityline New Zealand Funds, FT Cityline Pacific Funds, FT Cityline Middle East Funds, FT Cityline Africa Funds, FT Cityline Latin America Funds, FT Cityline Caribbean Funds, FT Cityline Central America Funds, FT Cityline South America Funds, FT Cityline Europe Funds, FT Cityline Asia Funds, FT Cityline Australia Funds, FT Cityline New Zealand Funds, FT Cityline Pacific Funds, FT Cityline Middle East Funds, FT Cityline Africa Funds, FT Cityline Latin America Funds, FT Cityline Caribbean Funds, FT Cityline Central America Funds, FT Cityline South America Funds. Includes sub-sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

Options and Futures section on the right side of the page, listing various derivatives and their prices.

MANAGED FUNDS NOTES
Where you invest your money is crucial and more crucial than ever. The FT Cityline Managed Funds Service is a leading provider of investment solutions. For more information, please contact us at +44 (0) 171 875 4576.

LONDON STOCK EXCHANGE

MARKET REPORT

FT-SE 100 and Mid 250 hit new closing highs

By Steve Thompson, UK Stock Market Editor... The "feel-good factor" was again much in evidence in London's equity market yesterday...

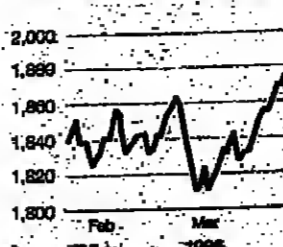
opened in good shape, building on Friday's performance which saw the Dow Jones Industrial Average close 45 points up on the session... There was an element of disappointment around the market's trading desks that the FT-SE 100 did not manage to penetrate its previous all-time intra-day high...

But the general feeling was that the Footsie would get through that level if Wall Street maintained its current performance... The FT-SE 100 index settled a net 23.7 firmer at 3,790.5, eclipsing its previous closing record, while the FT-SE Mid 250 index posted its fourth consecutive all-time high...

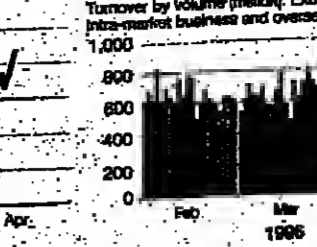
Turnover in the market at the 6pm reading came out at a healthy 741.5m shares, well above usual levels of activity for a Monday... The trading session began convincingly, with the Footsie getting off to a bright start...

unemployment, earnings and unit wage costs figure were published tomorrow... German interest rate cut hopes propelled RMC and Redland sharply higher...

FT-SE All-Share Index



Equity shares traded



Indices and ratios

Table with 2 columns: Index/Ratio and Value. Includes FT-SE 100, FT-SE Mid 250, FT-SE All-Share, and various yield ratios.

Best performing sectors

Table with 2 columns: Sector and Change. Lists sectors like Alcoholic Beverages, Pharmaceuticals, Consumer Goods, Banks/Retail, and Diversified Industrials.

Worst performing sectors

Table with 2 columns: Sector and Change. Lists sectors like Electricity, Telecommunications, Utilities, Health Care, and Water.

FUTURES AND OPTIONS

Table showing futures and options prices for FT-SE 100 and FT-SE Mid 250. Columns include Open, Bid price, Change, High, Low, etc.

Trading Volume

Table showing trading volume for major stocks yesterday. Columns include Stock Name, Volume, and Change.

Airways under pressure

British Airways nosedived against the market trend, as strong traffic numbers from BAA prompted an outbreak of worries about market share... The stock finished 6 cheaper at 329p.

The group's results are due on Thursday and there was speculation that brokers at the top end of the £30m to £35m forecast range may be heading for some minor disappointments.

ERF moves

Takeover talk helped commercial vehicle maker ERF climb 20 to 207p for a two-day advance of 16 per cent... Earlier this month Western Star Trucks, of Canada, announced the purchase of a 4.2 per cent stake in the company.

21m shares. Analysts suggested that the merged fund managers may be consolidating their portfolios... Sears relinquished a penny to 97p on a turnover of 45m shares.

In the retail sector, Alexon, the women's clothes retailer, moved ahead 7 to 110p after positive press comment over the weekend.

Boots put on 4 at 619p on the back of a note from NatWest Securities changing its "buy" recommendation to "buy", with analysts also speculating that the company may be planning a share buyback.

There were more than 10m shares traded in Queens Meat Houses, the hotels group, which rose 4 to 294p... Analysts rejected speculation that incentive investment, a private Swiss management group which holds 11 per cent of the company's equity, was buying more stock.

Among financial stocks, the market cheered the news that Bank of Ireland is to take over the Bristol & West Building Society in a £600m deal... The shares jumped 19 to 459p, with BZW said to have recommended the stock.

Commercial Union firm 3 to 588p ahead of today's annual meeting... Sun Alliance advanced 1 1/2 to 364p, in trade of 2.8m, after SBC Warburg upgraded its recommendation on the stock from "hold" to "add".

Chirocrose rose 12 to 246p, with Mercury Asset Management said to have shown a keen interest in the stock during yesterday's session.

SmithKline Beecham was by far the day's best performer among FT-SE 100 constituents on the first day of trading in the group's new shares... The stock jumped 27 1/2 to an adjusted 656p.

stock's rating still fails to reflect the underlying profitability and balance sheet strength... A busy session in National Grid brought volume of 6.2m as the shares moved against the strong market trend to close 2 above 194p.

SBC Warburg was active in the stock after it advised clients to "reduce" holdings, saying NCI's prospects "rest on an oil at the transmission review in Q3. The current valuation implies Grid wins only a modest tightening in the price control".

Market Reporters: Jeffrey Brown, Lisa Wood, Jon Kibacco.

London Recent Issues: Equities... Table listing recent IPOs with details on issue size, price, and market performance.

FT GOLD MINES INDEX

Table showing FT Gold Mines Index performance, including 52-week high/low, P/E ratio, and dividend yield.

RMC advances

A shortage of stock continued to bolster building materials leader RMC... The shares squeezed up to the top end of the Footsie rankings for the second session running, adding 24 at 1063p for a 12 per cent advance since the start of April.

FINANCIAL TIMES EQUITY INDICES

Table showing FT-SE 100, FT-SE Mid 250, and FT-SE All-Share indices with daily and weekly performance data.

London market data

Table showing market activity including rises and falls, total rises, and volume.

CHINA DIRECT INVESTMENTS LIMITED advertisement. Promotes investment opportunities in China and Hong Kong.

BERKELEY FUTURES LIMITED advertisement. Offers futures and options trading services.

USO 10,000,000 EURO MEDIUM TERM NOTE PROGRAMME OF SOCIETE GENERALE advertisement. Details a bond offering.

FUTURES AND OPTIONS TRADING advertisement. Promotes clearing and execution services.

Hongkong Bank advertisement. Promotes U.S. \$400,000,000 primary capital undated floating rate notes.

MARGINED FOREIGN EXCHANGE TRADING advertisement. Offers foreign exchange trading services.

SPREAD BETTING ON OVER EIGHTY MARKETS advertisement. Promotes spread betting services.

WANT TO KNOW A SECRET? advertisement. Promotes a seminar on market secrets.

CITY INDEX advertisement. Promotes city index trading services.

Margined FOREX advertisement. Promotes margin trading in foreign exchange.

OFFSHORE COMPANIES advertisement. Promotes offshore company formation services.

Petroleum Argus Daily Oil Price Reports advertisement. Promotes oil price reporting services.

Les Echos advertisement. Promotes French business newspaper advertising.

Market-Eye advertisement. Promotes market analysis and research services.

FT-SE Actuaries Share Indices

Table showing FT-SE Actuaries Share Indices performance across various actuarial sectors.

Hourly movements

Table showing hourly price movements for FT-SE 100 and Mid 250.

FT-SE Actuaries 350 Industry baskets

Table showing FT-SE Actuaries 350 Industry baskets performance across various industry sectors.

Additional Information

Additional information on the FT-SE Actuaries Share Indices is published in Statutory Issues... The FT-SE Actuaries Share Indices are calculated by FT-SE International Limited in conjunction with the Faculty of Actuaries...

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1500 في الاذن

WORLD STOCK MARKETS

Main table of world stock markets including sections for EUROPE, ASIA, OCEANIA, AMERICA, and AFRICA. Each section lists various stock indices and their values.

Automatic Call Distributor (ACD) technology, which handles high volume in-coming calls, was pioneered by Rockwell



INDICES table showing various market indices and their performance.

US INDICES table showing major US stock market indices like Dow Jones, S&P 500, etc.

ASIA table showing stock market data for Asian countries.

AMERICA table showing stock market data for North and South America.

AFRICA table showing stock market data for African countries.

Footnote and disclaimer text at the bottom of the page.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1 pm close April 15

Table with columns: High, Low, Open, Close, Change, % Change. Lists various stock prices and their daily movements.

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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'Continued from previous page', 'T', 'U', 'X-Y-Z', and 'New Issues'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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AMERICA Bank earnings reports help Dow ahead

Wall Street A spate of strong earnings reports from interest rate-sensitive commercial and investment banks helped US share prices move higher in mid-session trading yesterday, writes Lisa Branstetter in New York.

At 1 pm the Dow Jones Industrial Average was up 28.82 at 5,623.21, while the Standard & Poor's 500 had added 2.71 at 638.42 and the American Stock Exchange composite had risen 2.58 to 574.84.

Among golds, Barrick Gold dipped 10 cents to \$241.65, while Placer Dome gave up 70 cents to \$239.05 after the company forecast a disappointing first quarter due to mining problems.

Mexico breaks 3,200

Mexico's stock market broke through the 3,200 level in early trade as the market took its cue from Friday, when shares rose 4.3 per cent on the back of comments by Mr Guillermo Ortiz, the finance minister.

EUROPE Frankfurt heads the Continent's record ways

The Continent started well before throttling back during the afternoon. FRANKFURT was a case study, as it moved to a closing high during the official session, but then lost some of the impetus later.

Investors were especially active in exporters, car stocks and cyclical, but volume was modest as investors expressed caution ahead of Thursday's Bundesbank council meeting and the following session's expiry of options and futures.

AMSTERDAM scented takeover talk, although reports that Samsung, of South Korea, might be about to mount a bid for Philips were dismissed as "fantasy" and "without realistic foundation".

ASIA PACIFIC Nikkei index climbs to a new four-year closing high

Mazda Motor, which is to be rescued by Ford Motor, was bid at Y545, up Y80 from Thursday's close.

Expectations of increased purchases by Japanese pension funds supported investor confidence and the Nikkei average closed at a four-year high, writes Emiko Terazono in Tokyo.

Other car stocks, which had declined on Friday on the announcement that Ford was purchasing new shares in Mazda at Y363 per share, were higher on the yen's weakness.

MARKETS IN PERSPECTIVE

Table with columns: Country, % change in local currency, % change in US \$, % change in UK £. Rows include Australia, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK, EUROPE, etc.

FT-SE Actuaries Share Indices

Table with columns: Index, Apr 15, Apr 16, Apr 17, Apr 18, Apr 19, Apr 20. Rows include FT-SE Actuaries 100, FT-SE Actuaries 200, etc.

fitting from the D-Mark's stronger tone against the franc. UBS advanced SFR3 to SFR1.27, SBC firmed SFR2 to SFR4.43 and CS Holding eased 25 centimes to SFR11.25.

ROUNDUP

Promising market and economic fundamentals overrode post-election political uncertainty in Seoul and the composite index gained 12.59 at 306.16.

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International investors provided the driving force, sending the index above 900 for the first time this year. Blue chips led the day's rally: LG Electronics rose by 100.20 to Won22,500 and Yukong went up Won1,600 to Won29,600.

SOUTH AFRICA

Industrials experienced solid gains, while gold shares weakened because of a decline in the bullion price. The industrial index made 61 to 8,122, off a mid-session high of 8,150, the gold index eased 11 to 1,816 and the overall index climbed 29 to 6,699.

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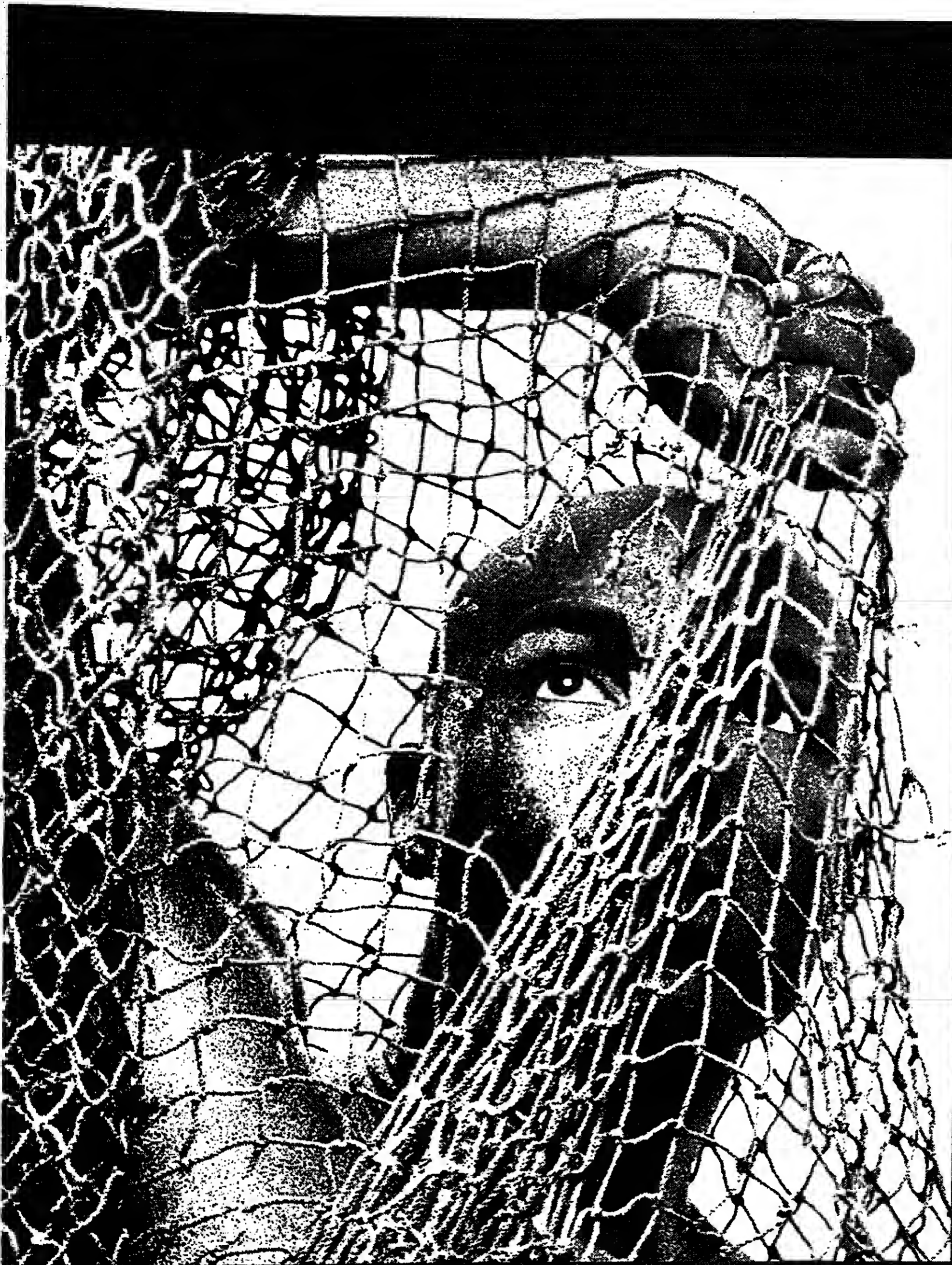
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Large table with columns: NATIONAL AND REGIONAL MARKETS, Friday April 12 1996, Thursday April 11 1996, Dollar Index. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, etc.

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ARTS



Victoria de los Angeles, 1953 (left), and Gina Lollobrigida, 1954, by John Deakin: magnificent portraits which bring one up short and stick in the mind

A true artist behind the camera

John Deakin produced some of the most powerful, haunting images of modern British photography, writes William Packer

What is it about the photograph as art is well rehearsed; photography is at once beleaguered by its universal snap-happy practice, yet persuasive in so many particular instances. The camera is a tool, and if the eye behind it and the hand upon it are those of an artist, then art will happen.

much of taking it up as being taken up by it to make a living. He was never a great technician and was careless of his equipment, whether or not it belonged to him. He was twice on the staff at Vogue, and twice sacked after the same short interval, the last time in 1954. Profile as he was when given the chance, only now would Vogue wish to have made so much more of him.

Withers, "angled more and more photographic opportunities in the direction of a considerably unaltered photograph who was a confirmed alcoholic..."

interest. It was disconcerting, and it was before its time. Ten years on and, in other hands, Deakin's approach had been reduced to a cliché of Swinging London, slick images of pop stars in strongly-contrasted black-and-white. But Deakin was the true pioneer, and in his studies of such as Francis Bacon, Lucian Freud, John Minton, Maria Callas or Louis MacNiece, he produced some of the most powerful and haunting images of modern British photography, definitive icons of their time.

old friend who had always recognised Deakin's quality as an artist, after his death in 1972. Unprepossessing and unself-consciousness were ever the marks of the true artist. But he wanted to be a painter, and gave up photography altogether in his last years. As Bernard puts it, "he really was a member of photography's unhappiest minority whose members, while doubting its status as art, sometimes prove better than anyone else that there is no doubt about it."

John Deakin - photographs: National Portrait Gallery, St Martin's Place WC2, until July 14, then on to Munich.

The South Bank's Harrison Birtwistle "retrospective" series - named after his 1964 piece *Secret Theatre*, with the suggestive resonance of its title - has made an imposing start, with the help of BBC Radio 3. On Friday it funded a semi-staged, finely prepared performance of *The Mask of Orpheus*, Birtwistle's 1988 "lyric tragedy" for the English National Opera. That had to be an heroic effort; one hears, after all, that the ENO's 1986 production will never be revived because its cost would be prohibitive now. A one-off Royal Festival Hall performance of this quality cannot have come much cheaper.

though it is, and they have generated so many exciting pieces that they command respect. This South Bank festival promises a substantial feast.

to develop, either as a story or as a "symphonic" piece in the old sense. Instead, we keep encountering the same mythic crises, and the same musical "objects", in new lights. Eventually that adds up to a different kind of development, detached but keen-eyed - an obsessive concern with all the ways that the eternal, nagging Orpheus/Eurydice relation *might* have gone, and what they would mean.

almost as well to that as any full-blooded operatic production could, including the ENO's. The text does not invite literal, naturalistic treatment.

continuously, and Act 3 disclosed a "tragic" serenity behind its profusion of alternative endings for the tale. Beside a lot of our favourite singers in modern scores - Jean Rigby, Anna-Maria Owens, Peter Brunsell, Maria Angel - this remarkable performance boasted the American tenor Jon Garrison as Orpheus E. well-studied, superbly committed and searching in a role which is never going to be part of his bread-and-butter.

Remaining Birtwistle concerts on the South Bank: April 16, 19, 26 and 29, May 1, 2 and 4.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-6730573
● Koninklijk Concertgebouworkest with conductor Riccardo Chailly and pianist Ronald Brautigam perform works by Debussy, Loewendie and Stravinsky; 8.15pm; Apr 19, 21 (2.15pm)

BALTIMORE

EXHIBITION
Baltimore Museum of Art
Tel: 1-410-396-6310
● A Decade of Print Acquisitions, 1985-1995: this exhibition of prints acquired over the last decade offers visitors an opportunity to see works which are restricted from permanent display; from Apr 17 to Jun 23

BERLIN

CONCERT
Königsplatz Tel: 49-30-203080
● Rundfunk-Sinfonieorchester Berlin with conductor Heinz Rögner and mezzo-soprano Kathleen

Kuhlmann perform works by Herzz, Mahler and R. Strauss; 8pm; Apr 19

BONN

THEATRE
Oper der Stadt Bonn
Tel: 49-228-7281
● Ibsens Haus: a play based on Henrik Ibsen's Nora, Hedda Gabler, John Gabriel Borkman, Little Eyolf, When We Dead Awaken and Ghosts (in German). Directed by Roberto Ciulli and performed by the Theater an der Ruhr; 8pm; Apr 18

DRESDEN

OPERA
Sächsische Staatsoper Dresden
Tel: 49-351-49110
● Le Nozze di Figaro; by Mozart. Conducted by Wolfgang Rennert and performed by the Sächsische Staatsoper Dresden; 7pm; Apr 17, 20

HAMBURG

CONCERT
Musiktheater Hamburg

Tel: 49-40-348920

HELSINKI

OPERA
Opera House Tel: 358-0-403021
● The Singing Trees; by Bergman. Conducted by Ulf Söderblom and performed by the Helsinki Opera. Soloists include Peter Lindroos, Ritva-Maya Anonen and Marianne Harju; 7pm; Apr 17

LONDON

CONCERT
Purcell Room Tel: 44-171-9804242
● The Collegiate Wind Ensemble; with conductor David Campbell perform works by Gounod, Janáček and Mozart; 7.30pm; Apr 17

from Apr 17 to May 17

MILAN

CONCERT
Teatro alla Scala di Milano
Tel: 39-2-72003744
● Erwartung; by Schoenberg. Concert performance by the Orchestra del Teatro alla Scala with conductor Carlos Kalmar and soprano Karen Huffstodt; 8pm; Apr 17, 18, 20

MUNICH

CONCERT
Philharmonie im Gasteig
Tel: 49-89-4089828
● Symphonisches Orchester der Bayerischen Rundfunks; with conductor Daniele Gatti perform works by Mendelssohn and Bruckner; 8pm; Apr 18, 19

NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Guarneri String Quartet; with pianist Alicia de Larrocha perform works by Beethoven, Smetana and Brahms; 8pm; Apr 17

Conducted by Simone Young and performed by the Metropolitan Opera. Soloists include Cristina Galindo-Dornas, Karita Mattila and Roberto Alagna; 8pm; Apr 17, 20

PARIS

OPERA
L'Opéra de Paris Bastille
Tel: 33-1-44 73 13 99
● Billy Budd; by Britten. Conducted by Gary Bertini and performed by the Opéra National de Paris. Soloists include Robert Tear, Rodney Gilby and Eric Halfon; 7.30pm; Apr 17, 20, 22

STOCKHOLM

OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
● Die Fledermaus; by J. Strauss. Conducted by Sixten Ehrling and performed by the Royal Swedish Opera. Soloists include Gunnar Lundberg, Esaías Tevalde-Berhan,

Elisabeth Berg (Apr 17, 25) and Hilde Laidland (Apr 20); 7.30pm; Apr 17, 20, 25

VIENNA

CONCERT
Könzerhaus Tel: 43-1-7121211
● Wiener Kammerorchester; with conductor Daitsuke Soga, violinist Daniel Hope and pianist Pietro de Maria perform works by Rüdener, Mozart, Schnittke and Haydn; 7.30pm; Apr 17

ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434
● Tonhalle-Orchester; with conductor Hiroshi Wakasugi, mezzo-soprano Ildikó Komlósi and bass László Polgár perform works by Mozart and Bartók; 7.30pm; Apr 17, 18

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European Money Wheel

18.00
Financial Times Business Tonight

Music

A weekend of Sibelius

The bountiful Barbican dishes out not just marvellous pieces of music these days but complete *œuvres*. No sooner had the London Symphony Orchestra completed its cycle of Bruckner's nine (and more) symphonies than the estimable Gothenburg Symphony Orchestra arrived from Sweden with its principal conductor Neeme Järvi to give the cycle of Sibelius's seven. Unlike Bruckner's, Sibelius's symphonies are compact enough to play one after another to a manageable unit of time - a weekend - and to hold in one's head fairly easily as a group.

The Gothenburg arranged them into four programmes, out of chronological order, beginning indeed with the last, and ending with the last movement crowd-pleaser of the fifth. Each concert also included a non-symphonic piece: the violin concerto in the first on Friday night, the tone-poems *The Oceanides*, *Tapiola* and *Pohjola's Daughter* well-chosen as openers on (respectively) Saturday night and Sunday afternoon and evening. The whole event, underwritten by Volvo, is about to be repeated at Symphony Hall, Birmingham.

As one who has always believed that Sibelius's cycle of symphonies is not much less profound a musical testament than Beethoven's, the weekend (which also included five talks) struck me as a sheer box of delights, though the actual effect of attending the pair of Sunday concerts and thus consecutively hearing symphonies two, six and five and the tone-poems was partly, I found, to make me feel that I was at a workshop on Sibelius's style rather than responding to his divine essence. Even Sibelius can be reduced to problems of compositional technique - indeed, few composers more profitably so; and the decision to perform the symphonies out of sequence tended to draw attention to stylistic mannerisms and clichés rather than submerge us in the irresistible *flow* of the composer's forward development.

For there is little in 20th-century music to compare with the *impetus* with which this Finnish composer, cast adrift from the Austro-German mainstream, redefined classical symphonism in work after work, forging on to attain the ultimate formal concision of his seventh symphony. His movements always "move" - and cease - in unexpected ways; the dynamic energy of one flows into the next with perpetual originality and surprise. Both on the large-scale and the small, *flow* is everything in Sibelius - the polar opposite of Bruckner in this respect, even though Sibelius's symphonies are intensely differentiated while Bruckner's are (splendidly) all the same.

Such thoughts were particularly prompted by Järvi's afternoon account of the second symphony, to which Sweden's oldest orchestra sounded gloriously rich and resonant and clear, sweeping through the music with joyful self-assurance, alive to its every nuance of tempo and sonority (how atmospheric the double-bass pizzicati at the start of the *Andante*!) Their *Tapiola*, too, had been a model of precision, a terrifyingly sonorous edifice. But in the evening they seemed tired. After a weekend of effort, their ensemble began to slacken, their balance to blur. Still the sixth and fifth symphonies were seldom less than enthralling, and the strings' encore of the little *Andante Feslöv* had mountainous intensity.

Paul Driver

